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INDIANA GAMING COMMISSION
BUSINESS MEETING AND PUBLIC HEARINGS
GRAND VICTORIA CASINO AND RESORT
600 GRAND VICTORIA DRIVE
RISING SUN, INDIANA
FRIDAY, DECEMBER 3, 2004
9:30 A.M.

- - -

INDIANA GAMING COMMISSION MEMBERS:

- CHAIRMAN DONALD VOWELS
- EXECUTIVE DIRECTOR GLENN R. LAWRENCE
- JIM OSBORN
- JENNIFER ARNOLD
- THOMAS MILCOUREK
- ROBERT L. BARLOW
- I. MAURICE NDUKWU
- NORMAN MELHISER

- - -

ORIGINAL



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CHAIRMAN VOWELS: We'll go ahead and call the meeting to order. We'll show that it is, doing this Evansville to this time zone calculation, so 10:35 local time. We're a little bit behind. The Executive Session lasted a little bit longer than what we had intended, so we will call the meeting to order. We will show that all commissioners are present with the exception of Commissioners Boklovski and Rose, and there is a forum here today. And I would like to welcome our newest commissioner, Norman Melhiser. Mr. Melhiser's a CPA from New Albany, and I'm glad that he is aboard here today. I met him last night for the first time, and it will be a pleasure. He fills the gaming statute requirements of a CPA and also another member along the Ohio River. So it's nice to have Mr. Melhiser, Commissioner Melhiser, here. So welcome.

The first matter on the agenda, then,



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is the approval of the minutes. And we have in front of us the minutes from the Indiana Gaming Commission business meeting of October 1, 2004, and we've all had an opportunity to review these minutes.

Is there a motion in reference to these minutes?

MR. BARLOW: So moved.

CHAIRMAN VOWELS: Is there a second?

MR. MILCOUREK: Second.

CHAIRMAN VOWELS: Any further discussion?

All those in favor say aye.

(Aye responses given.)

CHAIRMAN VOWELS: Show the minutes are approved.

The next matter on the agenda is the report of the Executive Director. Mr. Lawrence, what do you have for us?

MR. LAWRENCE: Mr. Chairman, I have a couple of waivers that I granted during the time that you were in session. Caesars and Horseshoe were granted waivers of the requirement to maintain all records within the state



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of Indiana.

Basically Caesars requested, and others have requested, that they have their backup records stored someplace else in case of an emergency or -- and we've granted that.

A waiver was granted to Belterra of the requirement to file inventory reports for lakefront gaming devices on the riverboat anniversary of its license because we have updated, over the course of the past couple of years, our electronic filing, so we know their inventory on a day-to-day basis so it was unnecessary for them to file those documents and we saved some trees.

Harrah's was granted a waiver allowing the tip count team to be comprised of two dealers rather than one dealer and one cage cashier, and the waiver for Trump of the requirement to use evidence tape to seal logic boards with coin. In place of that, we authorized them to



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remove logic boards from electronic gaming devices while they're being used for training purposes. Those are the waivers I granted during this period of time. Also, there were a couple of corrections to previous resolutions. Basically they were typos on numbers and things, including a Caesars number which dated back to 1003 rather than 2003, and that was appropriate for Caesars at that time, I guess, but, anyway, that's what we did.

CHAIRMAN VOWELS: All right. Any questions, then, for Mr. Lawrence? All right. Thank you, Mr. Lawrence. Couple of real preliminary things. We'll do the ceremonial turning off of the cell phones, and I'll lead the pack here. So if everyone will be so polite, like we do when we're in movie theaters. And the other thing is, this is the first time I've ever appeared at a



1 gaming commission meeting without a
2 suit and tie on. The shirt that I
3 planned to wear, that I was all ready
4 to put on this morning, apparently is
5 hanging somewhere in my house back in
6 Evansville, Indiana, so I apologize
7 for this apparel. Anyone who saw me
8 last night will probably think this
9 stuff looks really familiar.
10 Fortunately, I don't sweat much, so
11 there you go. So I apologize for my
12 casual dress. It will never happen
13 again, I promise.
14 Then the next matter on the agenda is
15 old business. Is there any old
16 business? Pretty much talked about
17 the old business.
18 Any new business?
19 Okay. The next matter, then, is the
20 Orange County update. We'll turn to
21 you again, Mr. Lawrence.

22 MR. LAWRENCE: Yes. Orange County development
23 project is -- we are continuing to
24 negotiate with the Trump
25 organization. Jim Osborn and the



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legal staff have been negotiating the operating agent contract. We are very, very close to reaching an agreement. There may be three or four minor issues that have been traded back and forth by e-mail and direct discussions with concentration, which often happens, with representatives of the Trump organization.

I would anticipate that we would be able to complete those negotiations in the next couple of days.

We have been in contact and discussions with the local development folks and Boyken and the Cook group relative to both hotels. They are continuing to negotiate their agreement, the lease agreements, the contract agreements, the room guarantee agreements, on and off, on and off, as contract negotiations go.

The latest word we have gotten is that they are doing well, they are



1 continuing on. The Trump group has
2 gotten almost all of their permits
3 that are required for the facility.
4 They have -- They're doing a traffic
5 study for the Department of
6 Transportation at the moment. They
7 are doing a finalization of the
8 request for permit with the -- and we
9 have -- they have done their
10 archeological studies, they've done
11 their soil borings, they've done all
12 the other permitting, they have their
13 architects who have already done the
14 drawings of the boat and the site.
15 They're reaching almost conclusions
16 of their negotiations.
17 Things are going well, that I'm aware
18 of. You know, there are always
19 pitfalls in those circumstances.
20 Now, I must address a certain
21 circumstance that's come forward.
22 As many of you know, a new governor
23 will be coming in on January 10th,
24 and we met -- Jenny Arnold and Jim
25 Osborn and I met with the transition



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team on Wednesday from the new governor's office to discuss various issues dealing with the gaming commission.

One of the issues which was part of extensive discussion was the Trump situation and the negotiations there. I'm not sure if you have seen an article that has come out in the newspaper just this morning.

We received a letter from the transition team, I did, by fax yesterday, which has also been provided to the governor's office, which relates certain alleged agreements or statements that are made by me in those discussions.

I have to state publicly that several of the allegations stated in that document are inaccurate.

A statement was made in those -- in that letter and in articles that I agreed to delay signing any documents until January 10th. I did not do that.



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It has always been my belief and my understanding this commission was an independent commission. It made those decisions, made decisions concerning the operation of the gaming industry in this state without intervention of political decisions. Mr. Chairman, you have been here for ten years or more. I've only been here for two years. I have never been advised, directed from the governor's office to do anything that would change those decisions of an independent commission.

I did indicate to that transition team that I would discuss their request with my staff, and I would also discuss their request with the commission.

I also indicated to them that I would review their request for information and documents which I deemed to be confidential which I have not provided to them.

They -- As I understand it, the



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transition team of Governor Elect Daniels is in discussion with the governor's office concerning a blanket request for certain documents from all state agencies relative to documents which several of them we deemed to be confidential, and I think they're getting to the point where that may happen.

I don't know where the information in this article came from. Certainly no one talked to me, and -- about the discussions I had with that transition team, and no one in the media has talked to me about discussions I had with that transition team, so I have not advised any media about those discussions.

I must say I am attempting to work with them to provide a fluid transition for the new administration, because it's important to the citizens of the state of Indiana that I must at this



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point say the statements made in a letter from the transition team and the statements made attributed to me in the news media are not accurate. My direction comes from the members of this commission.

My understanding is the members of the commission have authorized me to do the right thing and to sign any documents that may be appropriate for the benefit of the citizens of the state of Indiana at any point in time, and part of that was that at all point -- at all points during the discussions of the Orange County project, I have been directed not to sign any document until the local agreements have been reached.

At the point in time when the local agreements have been reached, then that is important for us to then review and, under the resolution the commission passed several months ago, it says that contracts will be reviewed by me, by the chairman, and



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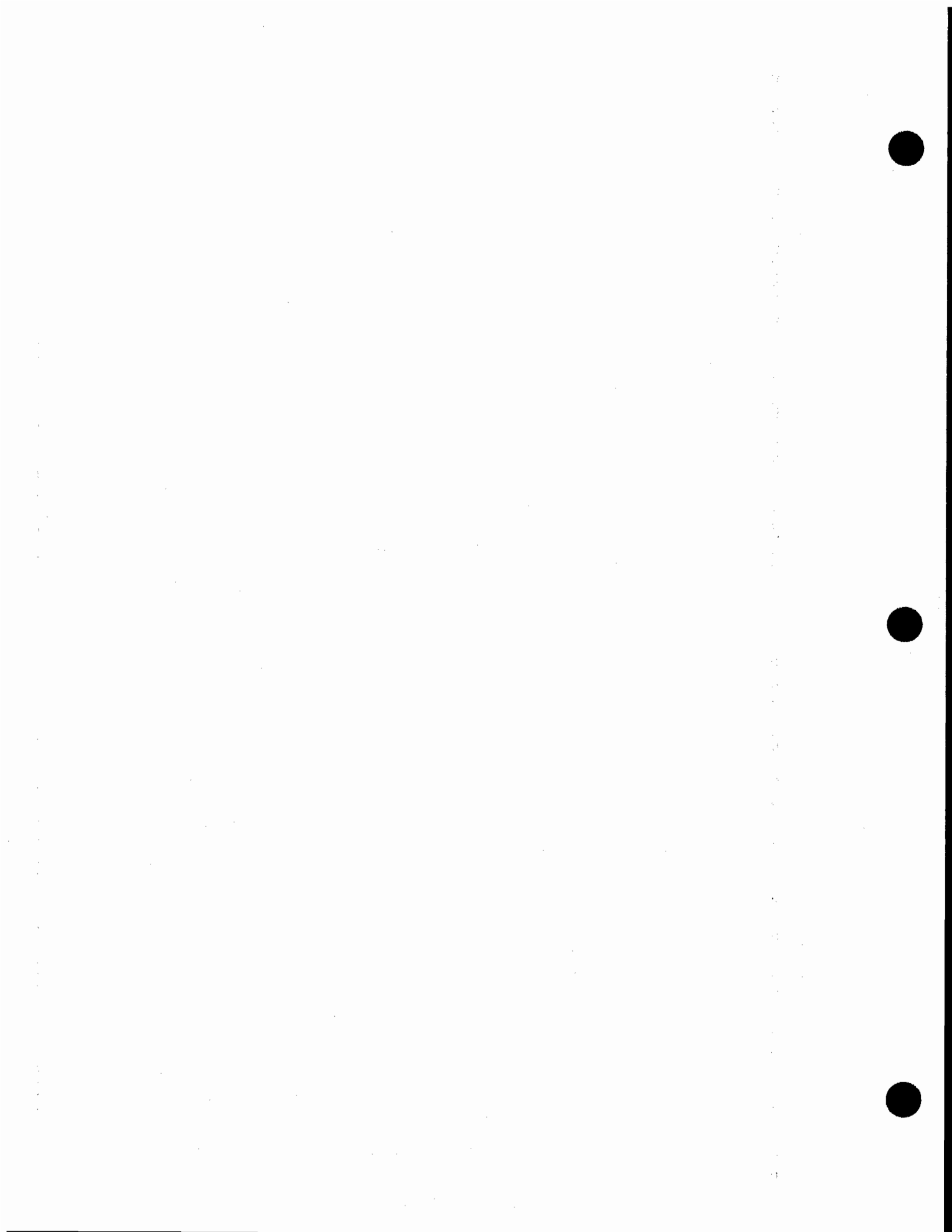
attorney member of the commission.
And that is my directive at this
point in time, and that is directives
that -- from the commission that I
will continue to abide by. End of my
statement.

CHAIRMAN VOWELS: To clarify the confidentiality
statement that you referred to with
the transition team's request for
certain documents or all documents,
my understanding, Mr. Lawrence, and
correct me if I'm wrong, is that
you're prohibited by statute to
release certain documents, and doing
so without the proper authorization,
which I'm not sure the statute
actually gives any direction to, to
do so would result in you possibly
being charged with a felony. Is that
correct?

MR. LAWRENCE: At least a misdemeanor.

CHAIRMAN VOWELS: I would get a misdemeanor, so if
it happens, come to me.

And do any of the other commissioners
have any thoughts or comments on the



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subject at hand?
What we'll do is just take this naturally as it goes, and it may be that the wishes of the transition team will just naturally come to fruition if these documents and agreements aren't reached before January 10th, so this may just naturally come to the conclusion of their desires anyway.

But we've never been a commission that has gotten any guidance from across the street in Indianapolis. I met Governor Bayh when I was interviewed for this, I might have run into him at another time. He knows a lot of people, and I'm not significant enough to think that he would remember me, so that was my relationship with him.

I met Governor O'Bannon a couple years into his term, and about a month and a half before he died, Mr. Lawrence was kind enough to set up a meeting so my then 12 year old



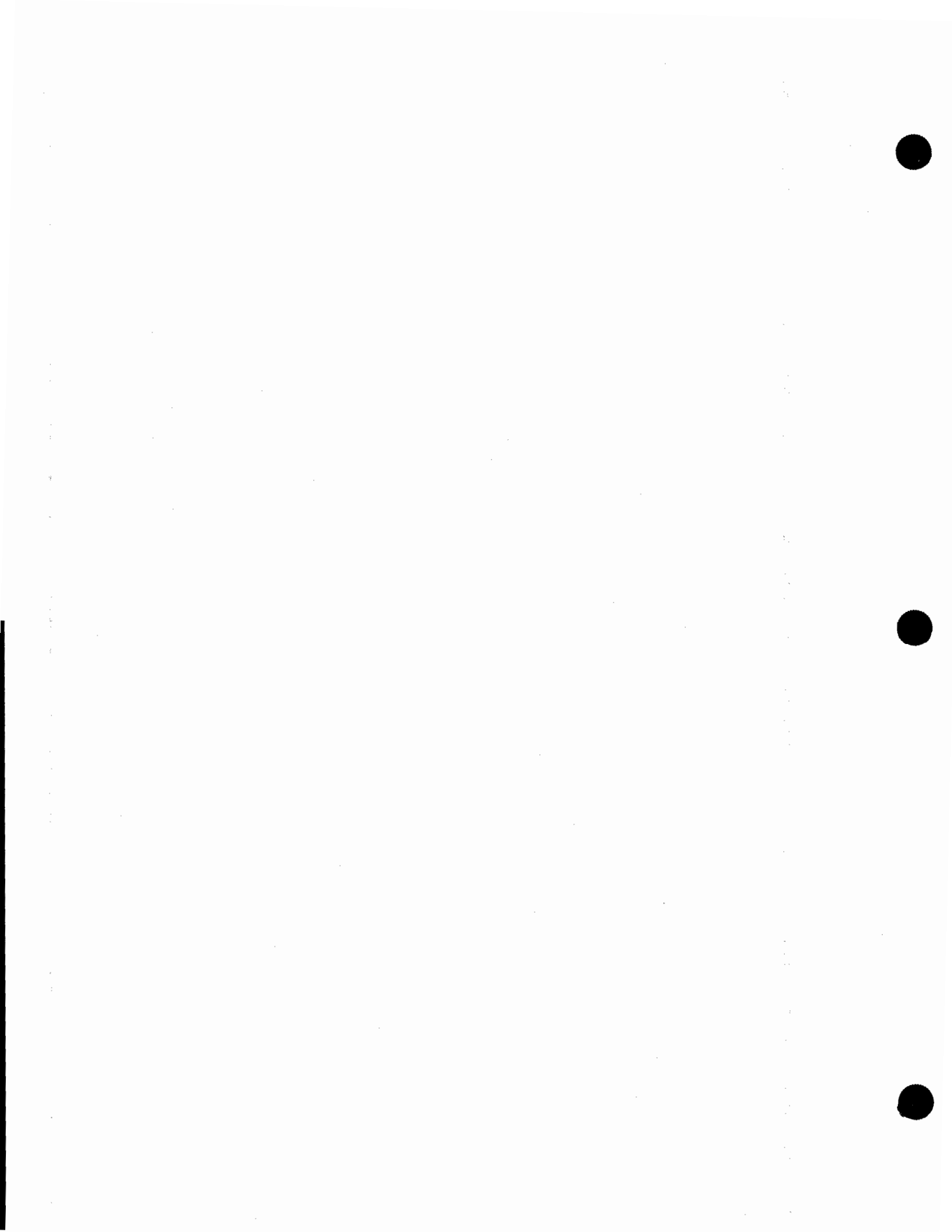
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daughter could meet the governor of Indiana and we went to his office, and that was as much contact I ever had with Governor O'Bannon. I've never spoken to or met Governor Kernan. This is a little different, in the 11 years that I've been with the commission, that there has been contact as direct as where we are right now.

So we're kind of in new territory, and we'll just do our best that we can do. And this commission has done I think a very good job since September of 1993 when it was created, and we just have to stay the course and take into consideration the desires of everyone involved and we'll do the best we can.

But we're just going to naturally let these events take their course, and it may be quite realistic that nothing will occur before January 10th anyway.

So anybody else have any thoughts?



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Okay.

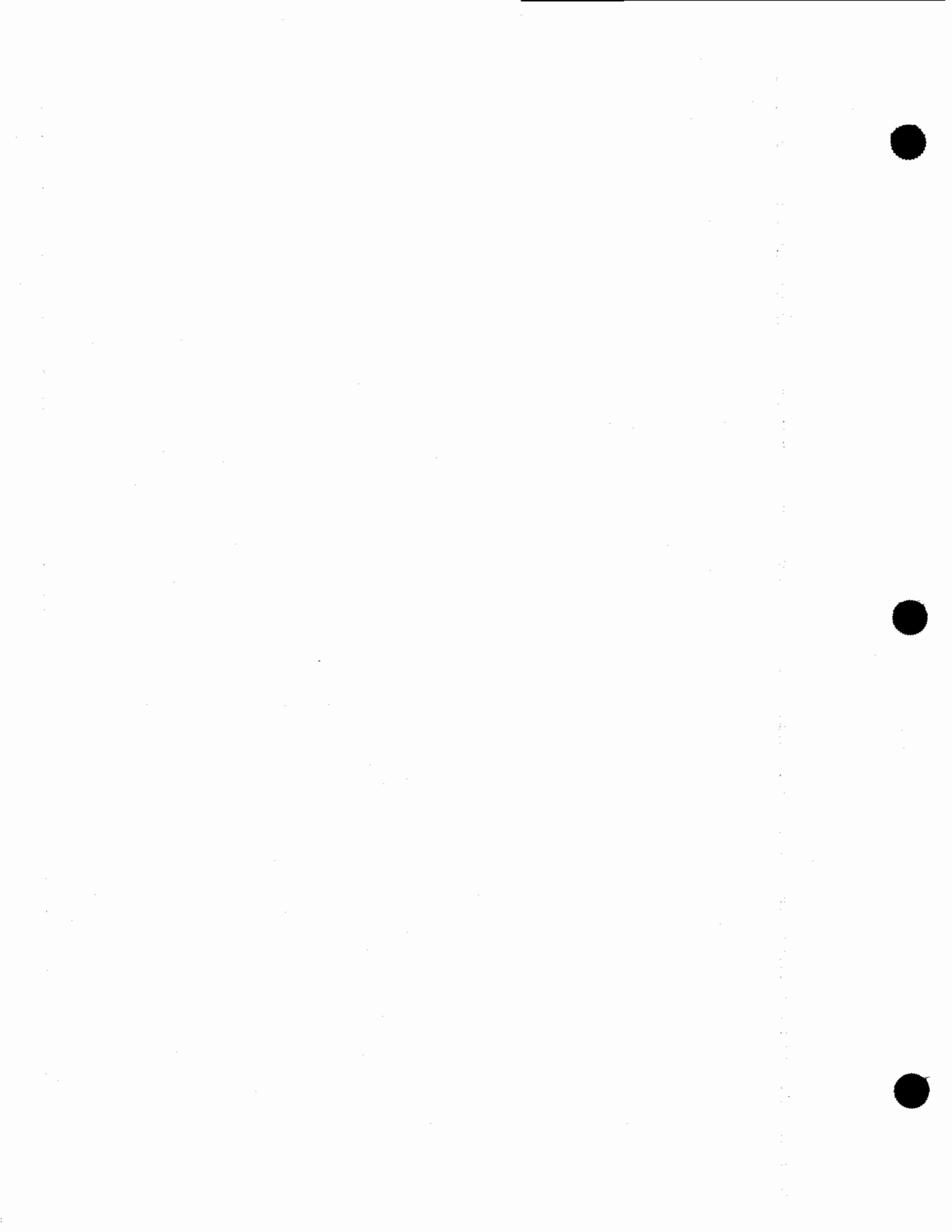
In reference to the Orange County update, Miss Arnold, you had mentioned to me that Mr. Denbo, Jerry Denbo, may want to address -- Is he here? Do you want to -- Did you want to say something?

MR. DENBO: I think you answered our question, so I have nothing at this time. Thank you, Mr. Chairman.

CHAIRMAN VOWELS: The perfect response to do you want to say anything to the commission. I like that. Okay, then.

We move on with the agenda then, and the next matter, Miss Hood, this was with you, Rule 2004-62 is the first under your category?

MS. HOOD: That is correct. Before you is Resolution No. 2004-62 concerned with the promulgation of rule amendments. You have been provided copies of the proposed rules. Pursuant to the promulgation process, commission staff conducted a public



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hearing on October 28th, 2004.

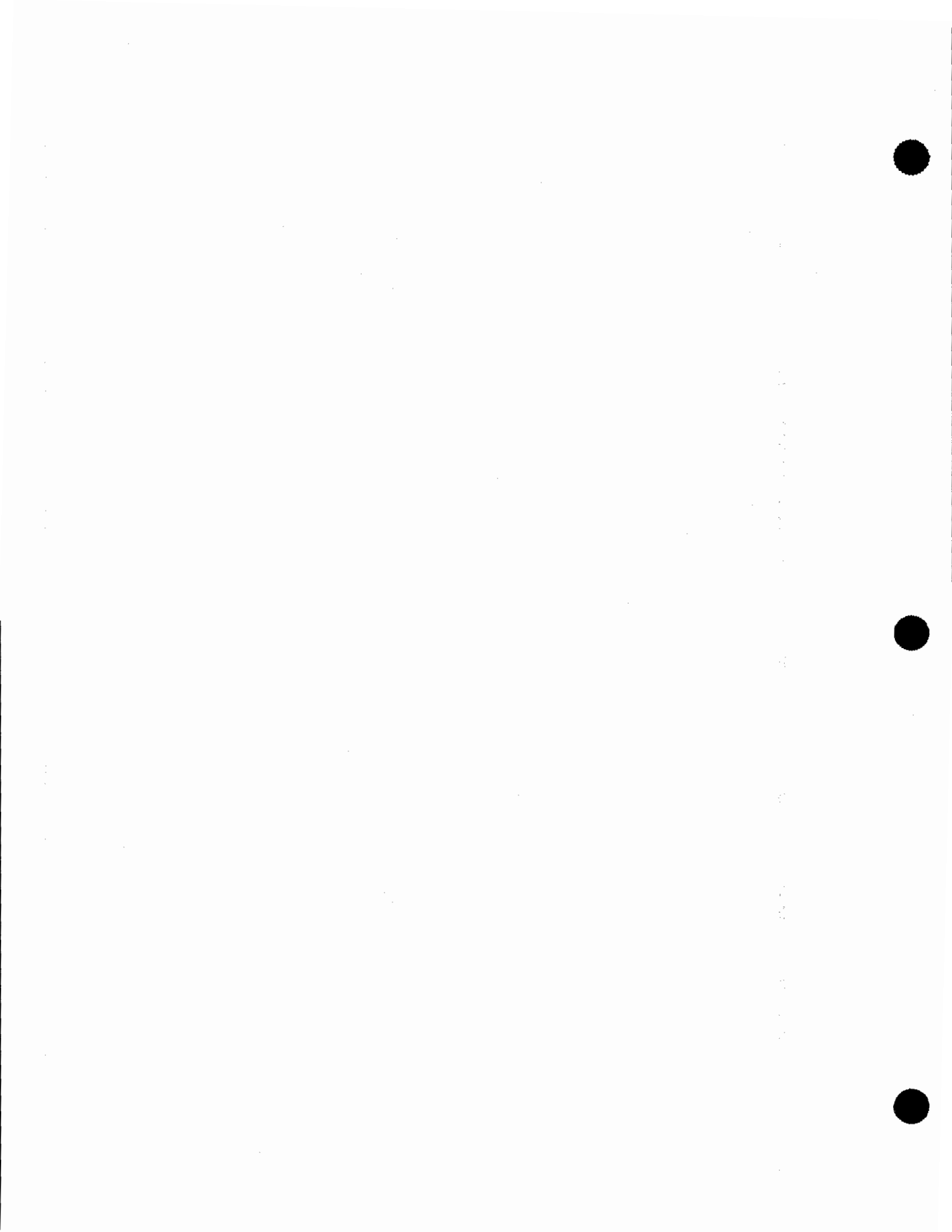
Notice of the hearing was published in the Indiana Register as well as the Indy Star on September 29th, 30th, and October 1st.

There were no comments during the hearing and no written comments were received. Should you vote to adopt these rules, the final promulgation process will take several months.

The rules will first be forwarded to the Office of the Attorney General for approval. Should the rules be approved by the Office of the Attorney General, the rules would then be submitted to the governor's office.

Should the governor approve these rules, they will then be turned into the Secretary of State for filing and will be considered finalized 30 days after they are submitted for filing.

Commission staff recommends that you adopt Resolution No. 2004-62 regarding these rule amendments.



1 CHAIRMAN VOWELS: Any questions for Miss Hood? I
2 don't know that there's something
3 titled 2004-62 in our packets, but
4 there's 2004-XX. That would probably
5 mean 62. Sorry, yes, that would be
6 the Caesar's rules in Roman numerals.
7 So if you've all been able to find
8 that, that was in the packet that we
9 received in the mail.

10 MR. BARLOW: I would move the approval of either
11 Resolution 2004-62, or Roman 20, as
12 the case may be.

13 MR. MELHISER: I second.

14 CHAIRMAN VOWELS: Any further discussion?

15 All those in favor say aye.

16 (Aye responses given.)

17 CHAIRMAN VOWELS: Show that it is approved.

18 And then, Miss Hood, we're still with
19 you on a couple occupational license
20 matters, right?

21 MS. HOOD: That's correct. Mr. Brian Schwass
22 was issued a temporary occupational
23 license to work at Belterra as a
24 dealer on November 26, 2003, and he
25 was issued a permanent occupational

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license on February 26th, 2004.
An occupational licensee is under a continuing duty to maintain suitability, including the duty to be of good moral character and reputation.

On or about April 19th, 2004, while a patron at Grand Victoria, Mr. Schwass approached a cage employee and asked to cash out two \$5 checks.

Mr. Schwass then asked for change for two \$100 bills. Mr. Schwass then took the \$10 from the two checks, the \$200 in \$20 bills, as well as the original two \$100 bills that the employee had left on the counter.

Mr. Schwass was contacted by commission agents of Grand Victoria and admitted in a written statement to taking the two \$100 bills. He returned the money on or about April 24th.

A settlement agreement has been executed between commission staff and Mr. Schwass. Commission staff

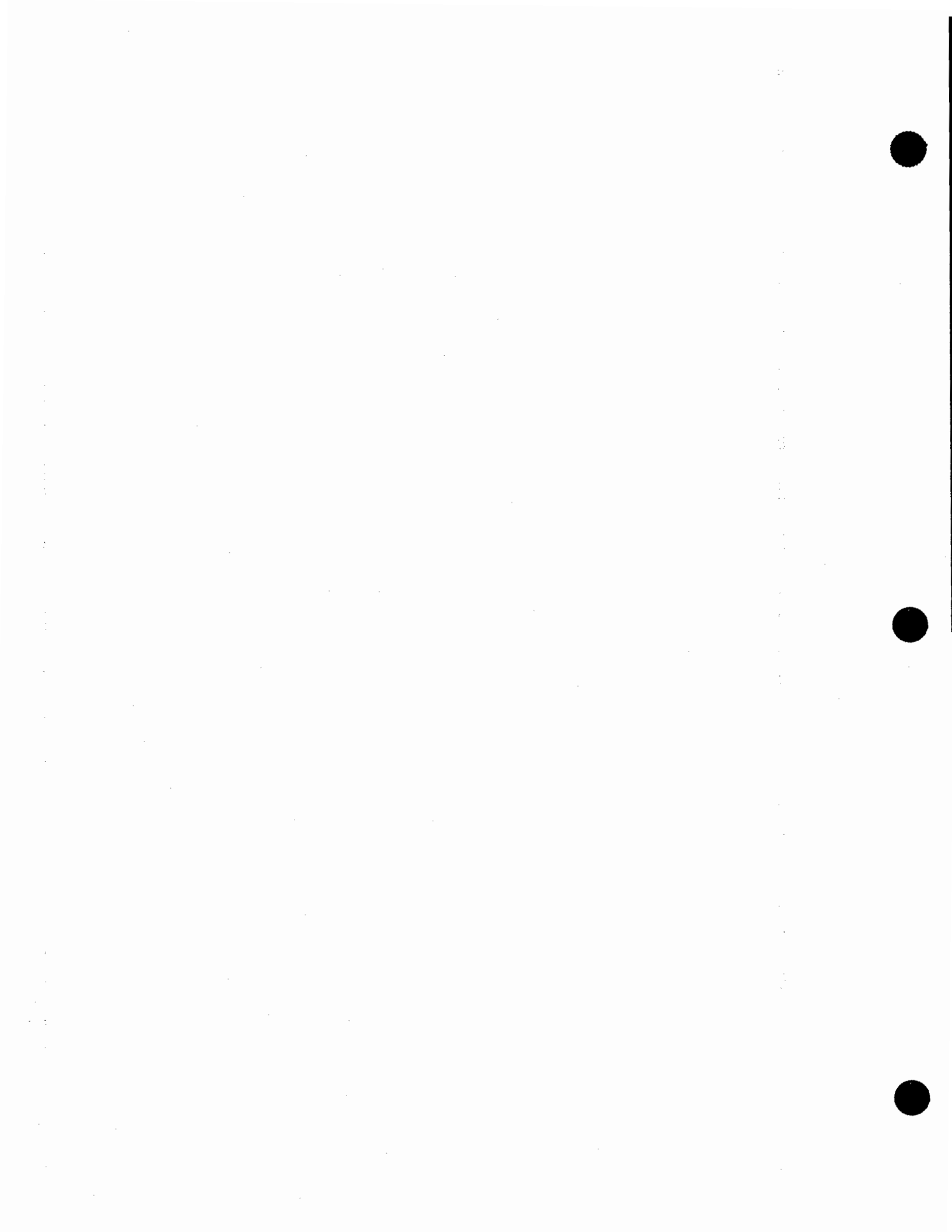


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recommends, and Mr. Schwass will agree, to the following: One, that a period of suspension of five days shall be imposed on Mr. Schwass. Suspension shall begin December 13th, 2004, with the license to be reinstated December 18th, 2004. Two, Mr. Schwass agrees that no vacation time shall be used while serving the suspension. And, three, Mr. Schwass agrees that his failure to comply with this settlement agreement will result in further disciplinary action against his occupational license. Commission staff recommends that you approve the terms of this settlement agreement in resolution of this matter.

CHAIRMAN VOWELS: Any questions, then, for Miss Hood?

In front of us, then, we have commission action in the disciplinary action initiated against Mr. Schwass, and attached to that are the



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proposed -- or the proposed
settlement agreement.

Is there a motion in reference to
approving or disapproving the
proposed terms of the settlement
agreement?

Show Commissioner Milcourek moved to
approve the recommendation. Is there
a second?

Is there any further discussion?

MR. BARLOW: I had a question. Was there ever a
determination made as to whether his
action was inadvertent that he later
discovered, or was it intentional
from the start, or do we know?

MS. HOOD: I think that it was unclear. I have
surveillance tape of the situation.
It happened early in the morning,
probably about 4:00. I think he --
It's just hard to say. He hesitates
before picking it up, and I guess I
can't answer your question
definitively.

MR. BARLOW: Okay.

CHAIRMAN VOWELS: Any further discussion,



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questions?

We have a motion and a second to approve the settlement agreement.

All those in favor say aye.

(Aye responses given.)

CHAIRMAN VOWELS: Show that it is approved.

And then you also have another, Matiana Billman?

MS. HOOD: That is correct.

Miss Matiana Billman applied for a Level 2 occupational license to work as a dealer at Blue Chip Casino on or about July 13th, 2004.

On her application, Miss Billman disclosed a conviction for a misdemeanor gambling offense that happened on or about February 26th, 2004.

Pursuant to Indiana Administrative Code, Miss Billman was notified that in order to be eligible to receive a permanent occupational license, she was required to complete the misdemeanor gambling waiver process.

Miss Billman applied for a waiver of



1 this conviction, and a hearing was
2 held on November 16th, 2004, on the
3 property of Blue Chip Casino. I
4 acted as the review officer for the
5 hearing and have submitted written
6 findings of fact and recommendation
7 to the commission that Miss Billman's
8 request for a misdemeanor gambling
9 waiver be granted.

10 Commission staff recommends that you
11 adopt the recommendation of the
12 review officer.

13 CHAIRMAN VOWELS: Thank you, Miss Hood.

14 Let's talk about this one a little
15 bit. You and I had some discussion
16 about this last night, and I think
17 that there might be some more
18 information that you can relate to
19 the commission.

20 My reservation was that this is a
21 person who had a misdemeanor gambling
22 conviction in another state as
23 recently as February, end of February
24 of this year.

25 You explained to me about your



1 research of the Texas statutes, and
2 it was -- it was interesting as far
3 as the way that Texas does this. If
4 you would tell the other
5 commissioners what you found and
6 primarily how her criminal charges
7 ended up and exactly what level of
8 criminal charge that she eventually
9 pled guilty to.

10 MS. HOOD: Sure. Miss Billman was employed as
11 an office manager for a game room
12 that consisted of about 18 to 20 slot
13 machines. I looked up the Texas
14 statute, and these kind of game rooms
15 are legal as long as people are not
16 being awarded in cash. They can only
17 be awarded in gifts.
18 The night before she was arrested,
19 two evening employees paid an
20 undercover officer in cash. She's a
21 daytime employee, she's office
22 manager, she did surveillance, she
23 counted the money, she had the keys
24 to all the machines, she had the keys
25 to the game room.



1 When the officers came in the next
2 day to arrest the two employees in
3 the night shift, one of the officers
4 asked who had the keys to the
5 machines and they found out that
6 Miss Matiana Billman had those keys,
7 and so they did arrest her at that
8 time. However, her name was not
9 actually on the warrant.

10 They arrested her for possession of
11 gambling -- or possession of gambling
12 paraphernalia or equipment, as well
13 as keeping of the gambling place.
14 They dismissed the keeping of the
15 gambling place, and she ultimately
16 pled guilty to possession because she
17 did have the keys to the machines and
18 was charged -- fined I think a
19 hundred dollars.

20 CHAIRMAN VOWELS: Didn't you tell me that it would
21 turn out to be an infraction?

22 MS. HOOD: Yes.

23 CHAIRMAN VOWELS: Okay, which is -- basically an
24 infraction is a speeding ticket --

25 MS. HOOD: Exactly.



1 CHAIRMAN VOWELS: -- and it's not punishable by any
2 time in jail, just a fine in cost.
3 You and Miss Bailey both met with
4 her; is that correct?

5 MS. HOOD: That's correct.

6 CHAIRMAN VOWELS: And your impression of her -- of
7 her demeanor and her explanation of
8 this, your impression of her was
9 quite favorable; is that fair to say?

10 MS. HOOD: That's fair to say.

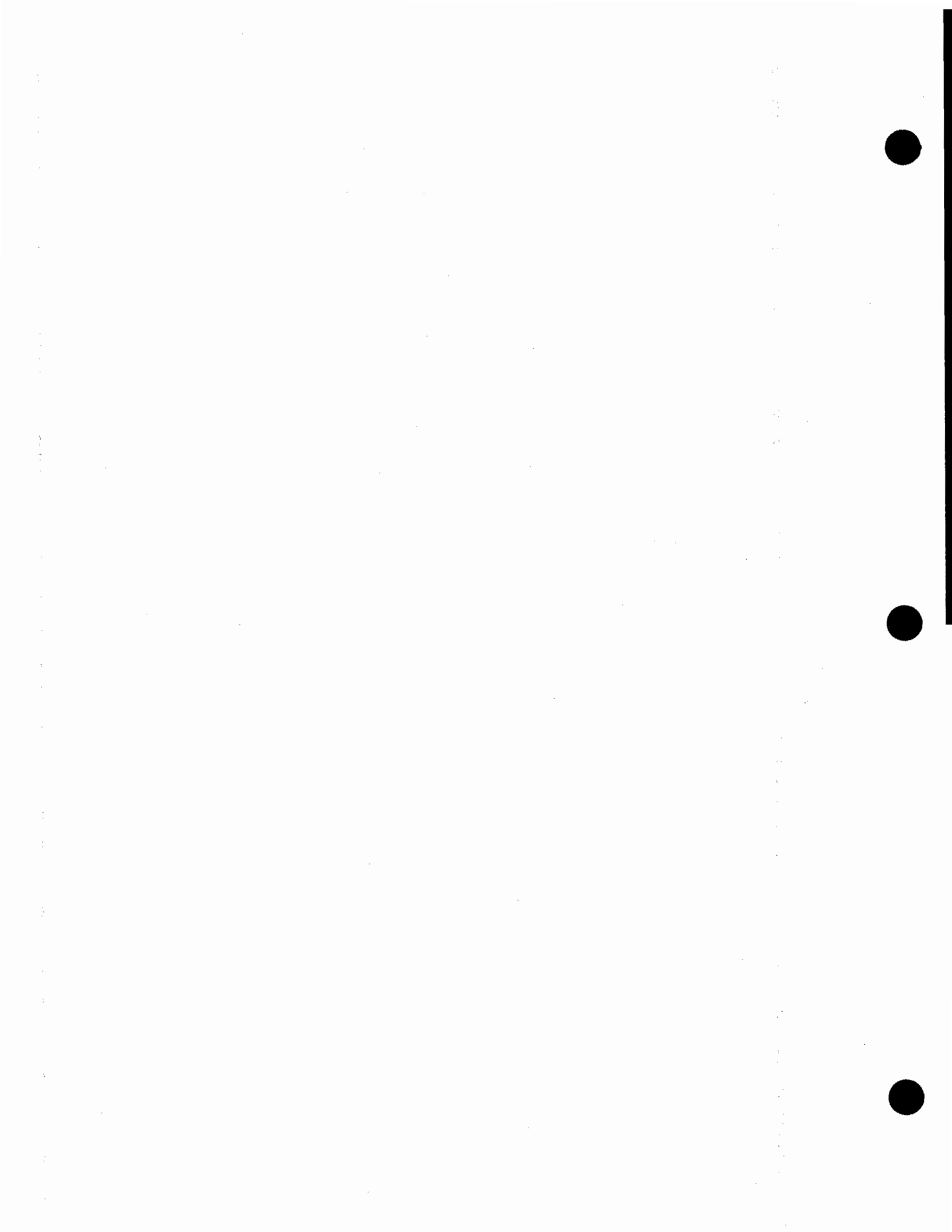
11 CHAIRMAN VOWELS: And the information that I
12 understand is, she, in fact, as an
13 employee of casinos here in Indiana,
14 has never been written up and was
15 once nominated as employee of the
16 month?

17 MS. HOOD: That's correct. She worked at two
18 Indiana casino riverboats before
19 moving to Texas where this happened.

20 CHAIRMAN VOWELS: And, again, that Texas statute
21 allows for these type of gaming
22 facilities --

23 MS. HOOD: Yes.

24 CHAIRMAN VOWELS: -- but you just can't give
25 money --



1 MS. HOOD: That's right.

2 CHAIRMAN VOWELS: -- you give gifts, whatever that
3 means.

4 Okay. Are there any questions for
5 Miss Hood in reference to this?

6 MR. BARLOW: One thing that struck me about this
7 was that her employer had originally
8 hired a lawyer for her and said I'll
9 hire this lawyer as long as you want
10 to plead guilty. If you really want
11 to fight it, you're on your own.
12 So she seemed to be faced with
13 somewhat of a Hopson's choice to
14 proceed.
15 Under the circumstances, I think she
16 acted prudently and got it behind
17 her, so I'd move that we approve the
18 request for the waiver.

19 CHAIRMAN VOWELS: All right. Is there a second?

20 MR. NDUKWU: I'll second.

21 CHAIRMAN VOWELS: Is there any further discussion?

22 All those in favor say aye.

23 (Aye responses given.)

24 CHAIRMAN VOWELS: Show that the settlement is
25 approved.

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Thank you, Miss Hood. I think we'll talk to you again here in a little bit.

And, Miss Bailey, you have the new game approval, Sweepstakes Poker, Resolution 2004-63; is that correct?

MS. BAILEY: Yes, that's correct.

You have before you, of course, approval of Resolution 2004-63 regarding the table game Sweepstakes Poker.

A conditional approval of the game was granted on September 12th, 2003, pursuant to Resolution 2003-38.

Trump Casino sponsored the game and has indicated in writing that it wishes to continue offering the game. Commission staff recommends that you grant permanent approval of this game.

CHAIRMAN VOWELS: Any questions, then, for Miss Bailey?

Is there a motion in reference to Resolution 2004-63, which would be the permanent approval of the game of



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Sweepstakes Poker; is there a motion?

MR. BARLOW: So moved.

CHAIRMAN VOWELS: Is there a second?

MR. MILCOUREK: Second.

CHAIRMAN VOWELS: Any further discussion?

All those in favor say aye.

(Aye responses given.)

CHAIRMAN VOWELS: Show that it is approved.

And then we move along to

Ms. Brodnan.

MS. BRODNAN: You have before you Resolution
2004-64 regarding supplier licensees
IEP, IGT, Midwest Game Supply, and
Technovations.
These licensees requested renewal of
licensure and paid their appropriate
renewal fee. They're currently in
compliance with Indiana Code and
Title 68 of the Indiana
Administrative Code, and commission
staff recommends you renew their
licenses.

CHAIRMAN VOWELS: All right. This is another one
of those Roman numeral 2004-XX. Let
me make sure I know what you're



1 talking about here. As I'm riffling
2 through, Southwest Surveillance
3 Systems?

4 MS. BRODNAN: No.

5 CHAIRMAN VOWELS: I'm sorry, which one?

6 MS. BRODNAN: It's the renewal of supplier's
7 licenses.

8 CHAIRMAN VOWELS: Okay, I got you.

9 MR. BARLOW: I see IEP, IGT --

10 MS. BRODNAN: Correct.

11 CHAIRMAN VOWELS: So this would be 63?

12 MS. BRODNAN: Sixty-four.

13 CHAIRMAN VOWELS: Sixty-four. Sweepstakes Poker
14 was 63, so this is 64.

15 MR. BARLOW: I move the approval of Resolution
16 2004-64.

17 CHAIRMAN VOWELS: Is there a second?

18 MR. MILCOUREK: Second.

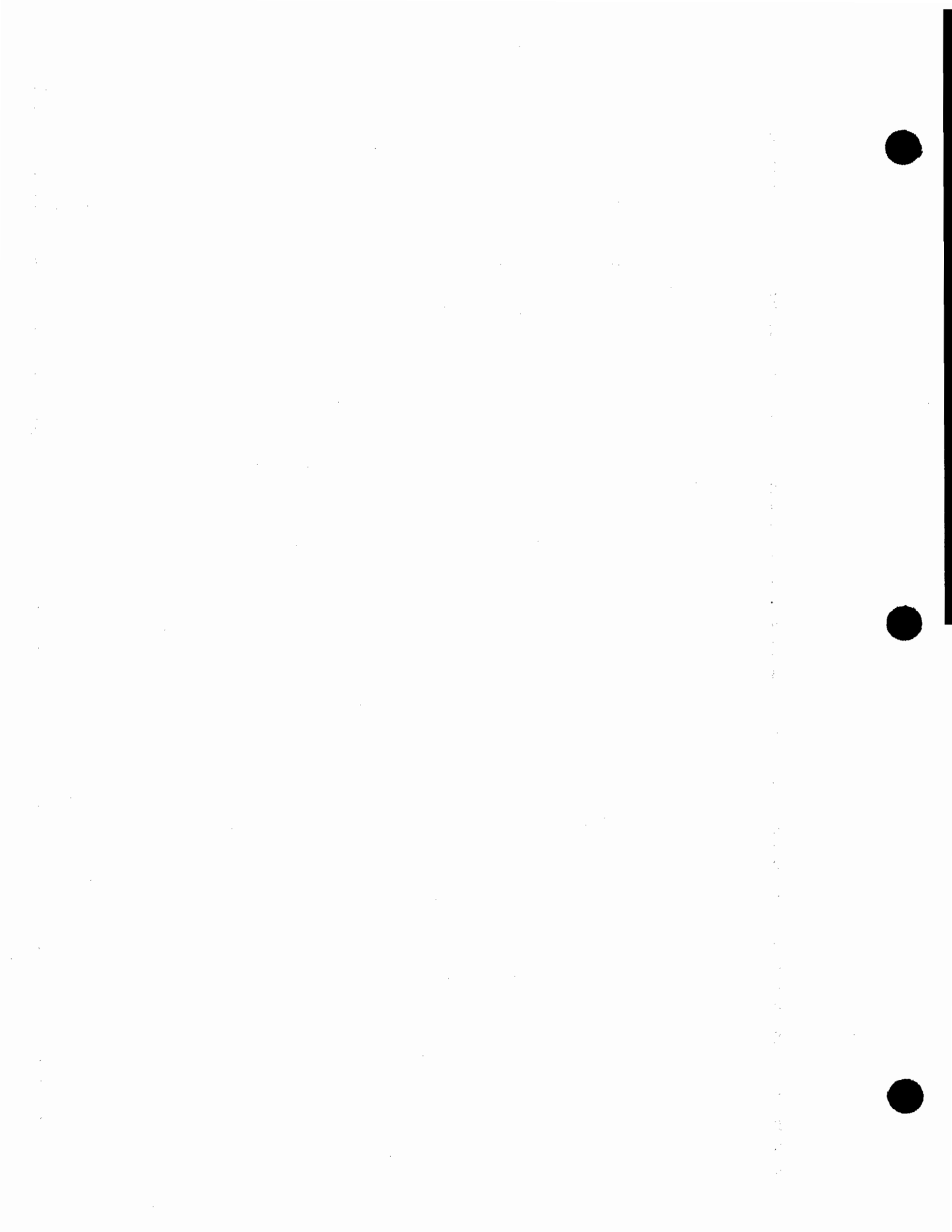
19 CHAIRMAN VOWELS: Any further discussion?

20 All those in favor say aye.

21 (Aye responses given.)

22 CHAIRMAN VOWELS: Show that it is approved. And
23 now we have Southwest Surveillance;
24 is that right?

25 MS. BRODNAN: Right, which would be 2004-65.



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Southwest Surveillance Systems received a temporary supplier's license in April of this year. The commission has completed its background investigation and has determined that this company is suitable to receive a permanent license.

They will be responsible for the payment of the \$5,000 licensing fee and any outstanding background investigation fees.

Commission staff recommends that you issue Southwest a permanent license.

CHAIRMAN VOWELS: Any questions for Miss Brodnan? Is there a motion in reference to 2004-65 granting a permanent supplier's license to Southwest Surveillance Systems?

MR. MILCOUREK: So moved.

CHAIRMAN VOWELS: Is there a second?

MR. NDUKWU: Second.

CHAIRMAN VOWELS: Any further discussion?

All those in favor say aye.

(Aye responses given.)



1 CHAIRMAN VOWELS: Show that it is approved.

2 And then Miss Brodnan, we're still
3 with you, the riverboat owner's
4 matters; is that correct?

5 MS. BRODNAN: Yes.

6 You have an order regarding riverboat
7 owner's license called Aztar Indiana
8 Gaming Company, LLC. Aztar's
9 requested the renewal of its license
10 and has paid the required renewal
11 fee. They're in compliance with
12 Indiana Code and Indiana
13 Administrative Code.
14 Commission staff, therefore,
15 recommends you grant one-year
16 approval effective through December
17 4, 2005.

18 CHAIRMAN VOWELS: All right.

19 Commissioner Melhiser, I don't know
20 if this was explained to you how this
21 stuff works. The initial license was
22 for a five-year period of time, and
23 then we do the renewal and they're
24 one year at a time, and so that's
25 what we have here.



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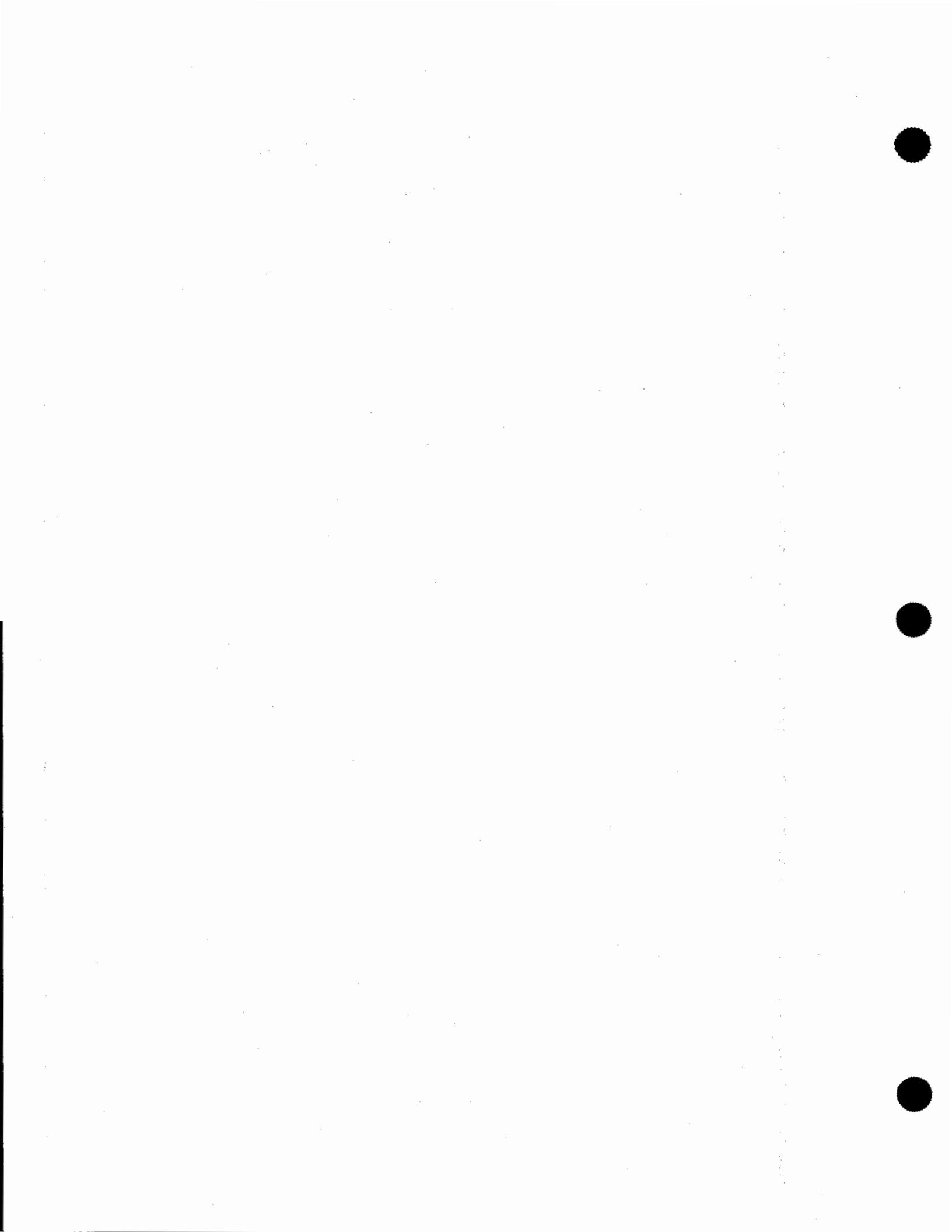
And these pop up quite frequently, with all the licenses, so as you can see, what happens at the five-year period and then we're here today for the eight-year period when we move into the situation with Argosy and Grand Vic.

So the one-year renewal doesn't have as much pomp and circumstance as the five and eight. And Aztar is the first boat in the water, so it's always the first one with the five-year renewal and eight-year renewal, and so on. So that's why there's not a whole lot of material on it, just to kind of tell you how that works. So without a whole lot of fanfare here, there's an order of the Indiana Gaming Commission to grant a riverboat owner's license to Aztar Indiana Gaming Company, LLC. And this would be valid for one year, from December 5, 2004, to December 4, 2005.

Is there a motion in reference to



1 this order to renew that license?
2 MR. MELHISER: So moved.
3 MR. BARLOW: I second that.
4 CHAIRMAN VOWELS: Is there any further discussion?
5 All those in favor say aye.
6 (Aye responses given.)
7 CHAIRMAN VOWELS: Show that Aztar is a winner once
8 again and they are renewed.
9 And then we're still in the
10 disciplinary matters, Miss Brodnan,
11 with Harrah's is the first one.
12 MS. BRODNAN: You have before you a settlement
13 agreement entered into between
14 commission staff and Harrah's
15 regarding several regulatory
16 violations.
17 There are six violations in the
18 agreement: An incident where a minor
19 passed through the turnstiles, an
20 incident where the turnstile count
21 was reset without the presence of a
22 commission agent as required, the
23 incident regarding failure to use
24 proper counting methods for the
25 turnstiles during a planned power



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outage, a deviation from terms of approved promotion without commission staff approval, failure to offer the proper odds on the table Let It Ride, and failure to take the commission from patrons playing baccarat as defined by regulations.

Due to these violations, commission staff recommends, and Harrah's will agree, to pay a fine in the amount of \$34,000. Commission staff recommends you approve the settlement agreement.

CHAIRMAN VOWELS: Are there any questions for Miss Brodnan?

Is there a motion to approve or disapprove the proposed terms of the settlement agreement?

MR. BARLOW: So moved.

CHAIRMAN VOWELS: Is there a second?

MR. NDUKWU: Second.

CHAIRMAN VOWELS: Any further discussion?

All those in favor say aye.
(Aye responses given.)

CHAIRMAN VOWELS: Show that it is approved.

And then, Ms. Brodnan, with Aztar,



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disciplinary matter.

MS. BRODNAN: Yes. There's a settlement agreement entered into with commission staff and Aztar regarding two violations: One incident in July where a minor boarded the vessel without being asked for identification, and the second incident is from September where an individual present on the boat with a vendor badge was observed gambling while wearing his vendor badge, which is prohibited. Commission staff recommends, and Aztar will agree, to pay a fine in the amount of \$9,000 for these incidences, and so the staff recommends that you approve the settlement agreement.

CHAIRMAN VOWELS: Thank you. Are there any questions, then?
Is there a motion to approve or disapprove the proposed terms of the settlement agreement?

MR. MILCOUREK: Move to approve.

CHAIRMAN VOWELS: Is there a second?



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MR. NDUKWU: Second.

CHAIRMAN VOWELS: Any further discussion?

All those in favor say aye.

(Aye response given.)

CHAIRMAN VOWELS: Show that it is approved.

And then we're going to go back to Ms. Hood on Blue Chip.

MS. HOOD: Pursuant to Indiana Code and Indiana Administrative Code, a person under 21 years old may not be present on a riverboat.

On or about October 3rd, 2004, a 20 year old patron boarded the vessel. She presented identification to the admissions area security guard, but was still allowed to board the vessel.

Later that same day, a female patron passed through the turnstiles and entered the boarding area holding her young child. She was not stopped by admissions area security guards.

Commission staff recommends, and Blue Chip will agree, to pay a fine in the amount of \$10,500 due to these



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violations.
A settlement agreement has been
executed. Commission staff
recommends that you approve the terms
of the settlement agreement in
resolution of this matter.

CHAIRMAN VOWELS: Any questions for Ms. Hood?
Then is there a motion in reference
to the approval or disapproval of
those terms of the settlement
agreement?

MR. BARLOW: I'd move for its approval.

CHAIRMAN VOWELS: Is there a second?

MR. NDUKWU: Second.

CHAIRMAN VOWELS: Any further discussion?

All those in favor say aye.
(Aye responses given.)

CHAIRMAN VOWELS: Show that it is approved.
And then you have Caesars.

MS. HOOD: This is a similar situation. Again,
a person under 21 years old may not
be present on a riverboat.
On or about October 24th, 2004, a 20
year old patron boarded the vessel.
This patron was not asked for



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identification when he passed through the turnstiles.

Commission staff recommends, and Caesars will agree, to pay a fine in the amount of \$1,500 due to this violation.

A settlement agreement has been executed. Commission staff recommends that you approve this settlement agreement in resolution of this matter.

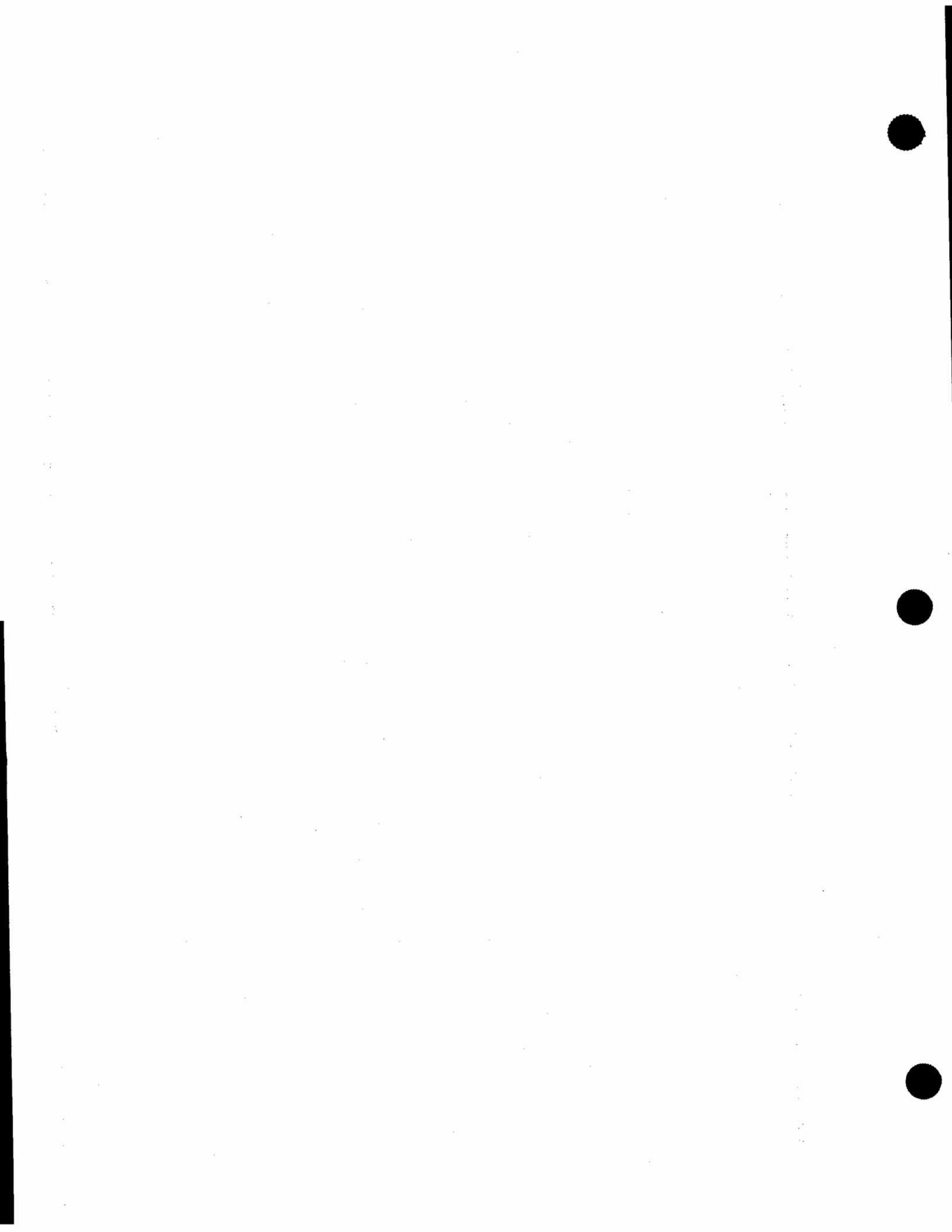
CHAIRMAN VOWELS: Any questions, then?

MR. BARLOW: Just I guess an observation. It seems there's a qualitative difference between the nature of the offense, one person was permitted to gamble and the other one was ejected before gambling?

MS. HOOD: I'm sorry, can you repeat your question?

MR. BARLOW: Compared to the other minor boarding the vessel, it was a lot higher fine when they actually gambled?

MS. HOOD: The higher fine is in relation to how often this violation occurs.



1 CHAIRMAN VOWELS: There's basically a graduated
2 punishment based upon their prior
3 record?

4 MS. HOOD: That's correct.

5 CHAIRMAN VOWELS: And that was something that's
6 just been developed over the last
7 year or so after you guys got all
8 this backlog taken care of.

9 MR. BARLOW: I move for the approval of the
10 Caesars settlement agreement.

11 CHAIRMAN VOWELS: Is there a second?

12 MR. MILCOUREK: Second.

13 CHAIRMAN VOWELS: Any further discussion?

14 All those in favor say aye.

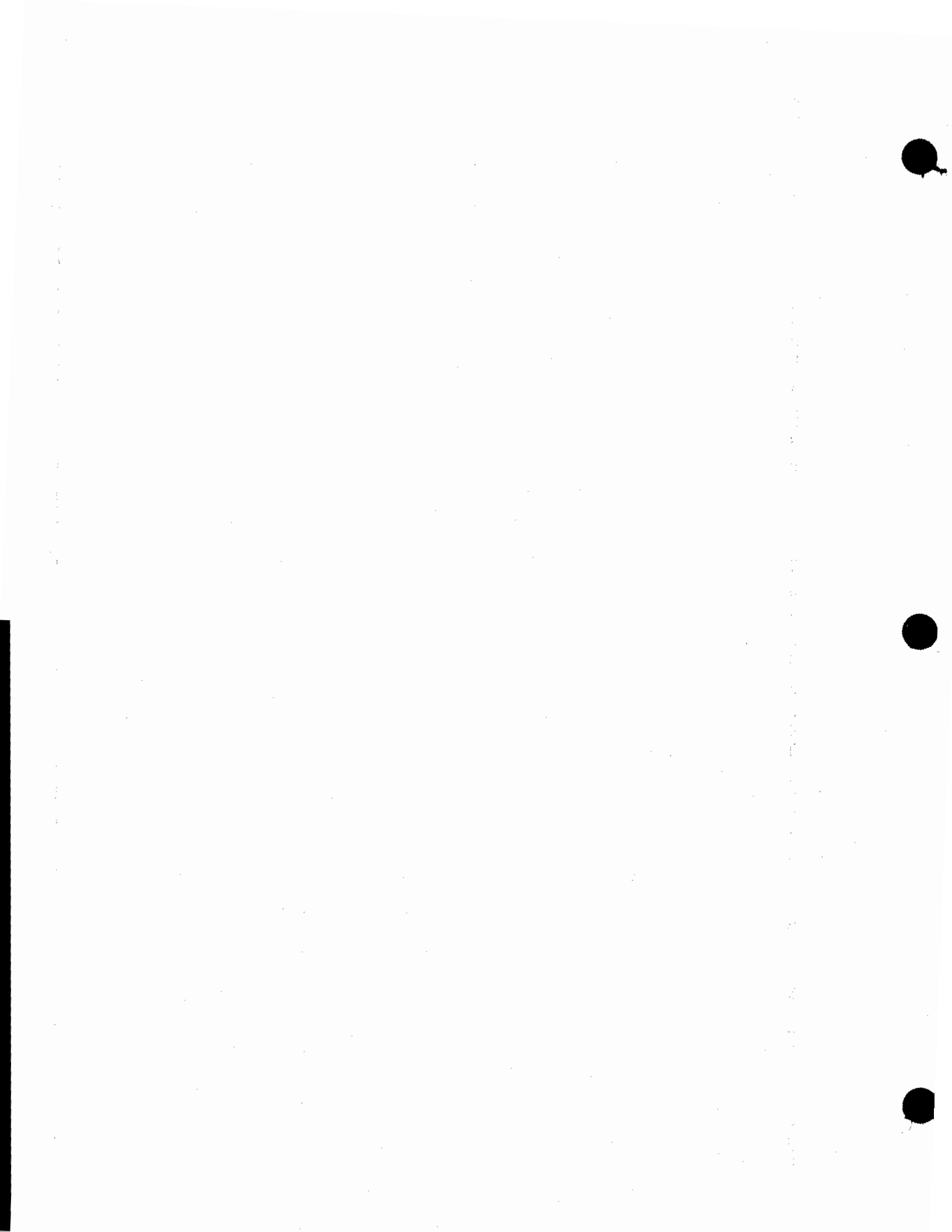
15 (Aye responses given.)

16 CHAIRMAN VOWELS: Show that it is approved.

17 And we're back with Ms. Bailey on the
18 bond approval of Pinnacle.

19 MS. BAILEY: Pinnacle Entertainment, Inc., is the
20 parent company of Belterra. They
21 posted a bond in the amount of \$3.5
22 million with Gulf Insurance, which
23 was approved by the commission on
24 March 2nd, 2001.

25 On November 7th, 2001, the commission

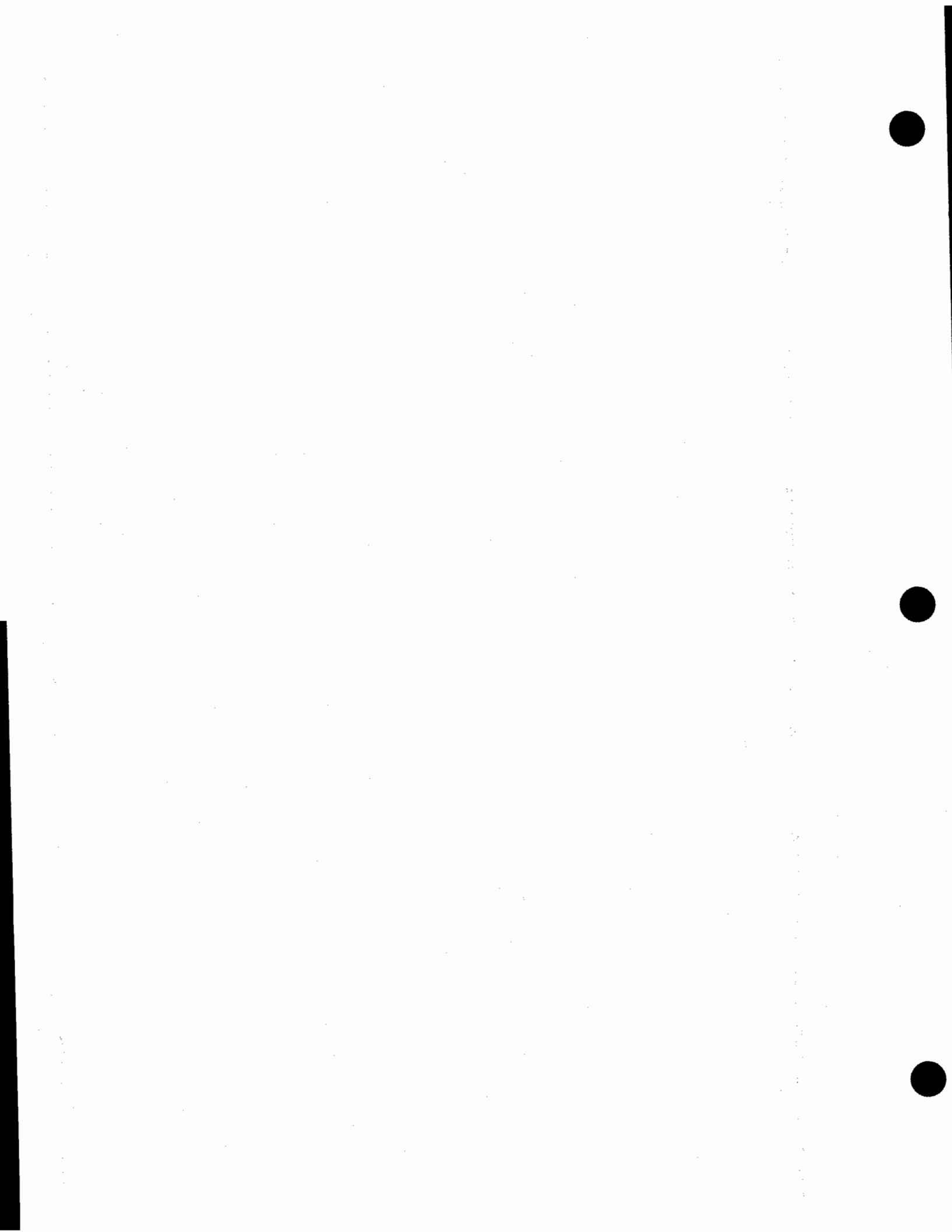


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approved a reduction in the bond to \$2 million. In August of 2004, the commission received notice that Gulf Insurance would be canceling Pinnacle's bond effective October 16th of 2004.

Pinnacle has requested the ability to replace the bond from Gulf Insurance with a bond from Fidelity and Deposit Company of Maryland.

The bond Pinnacle has submitted is currently in the amount of \$3.5 million. And Virginia Dill McCarty who's outside counsel for the commission, has performed due diligence on the bond, and has advised the commission that the bond meets the requirements of Indiana Code and Indiana Administrative Code. Pinnacle has also requested an approval to submit a reduced bond pursuant to commission action on November 7th, 2001, in the amount of \$2 million contingent upon review by Mrs. McCarty.



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You will need to take two actions on this matter: First you will need to vote to approve or disapprove Pinnacle's request to change the bond company.

Second, you will need to vote to approve or disapprove Pinnacle's request, upon approval to change bond companies, to submit a bond in the amount of \$2 million which would be contingent upon review by Miss McCarty.

Commission staff recommends that you approve both requests.

CHAIRMAN VOWELS: Thank you. Any questions for Miss Bailey?

This Resolution 2004-66 was in our packet that we received this morning. I think it was also in some of the things -- one of those double X things that we got in the mail. Any comment or questions?

Is there a motion in reference to --

MR. LAWRENCE: Mr. Chairman, in support of our staff, we just didn't want to waste a



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lot of paper. Not sure what the members might need, so --

CHAIRMAN VOWELS: That's fine, that's fine. I don't have any problem. Last thing I want to do is micromanage what you guys do in Indianapolis.

MR. LAWRENCE: Thank you, sir, you never have.

CHAIRMAN VOWELS: Figure the fewer things in life I have to deal with the better, so there you go.

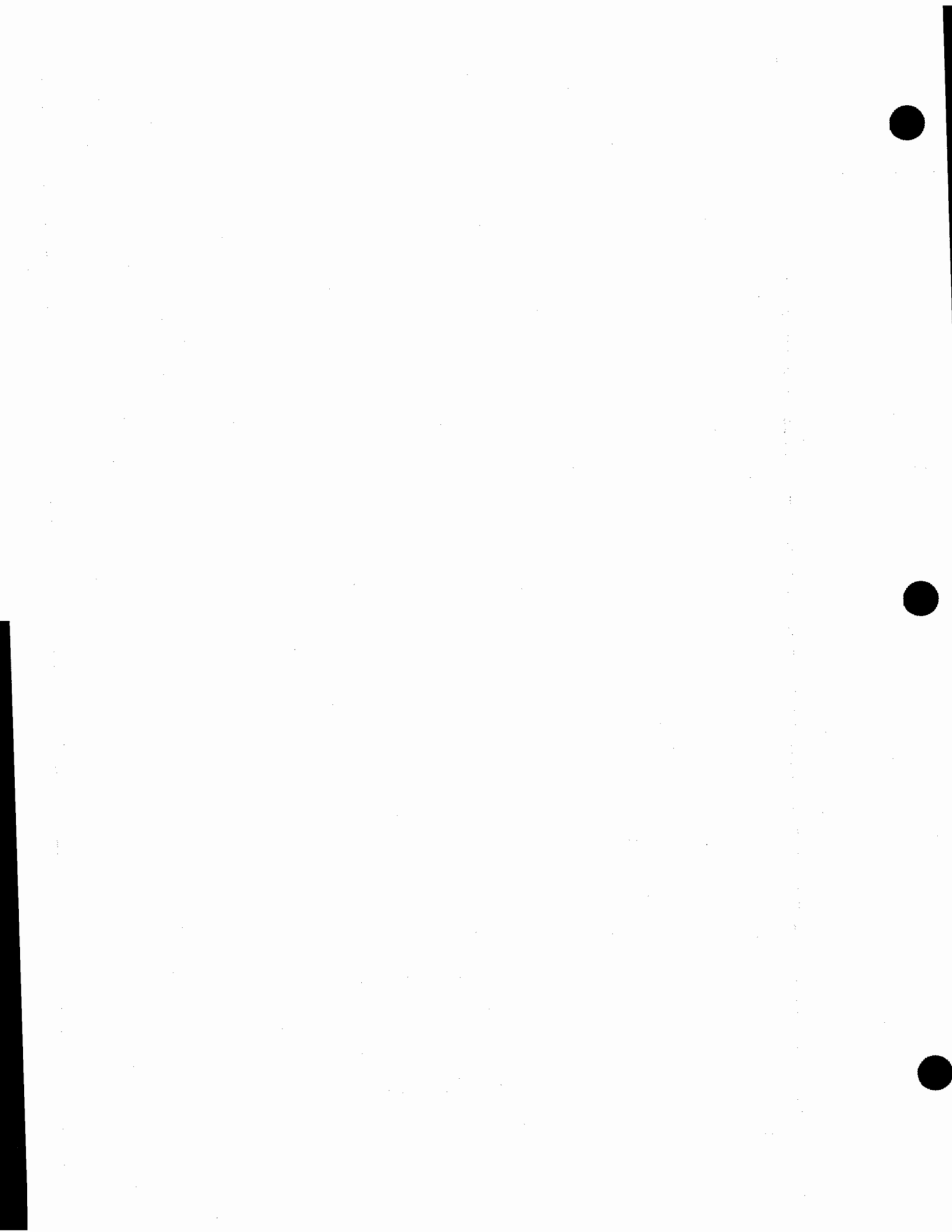
Let's take this in two parts. Staff has recommended that we approve to replace this surety bond guarantee and then to approve the request to reduce the bond amount contingent upon review of Miss Jill McCarty. And is there a motion to approve and approve or disapprove and disapprove or any variation of all that?

MR. BARLOW: I move we approve the replacement of the bond with the new bond Miss McCarty approved.

CHAIRMAN VOWELS: Okay. And is there a motion in reference to the second part of that too?



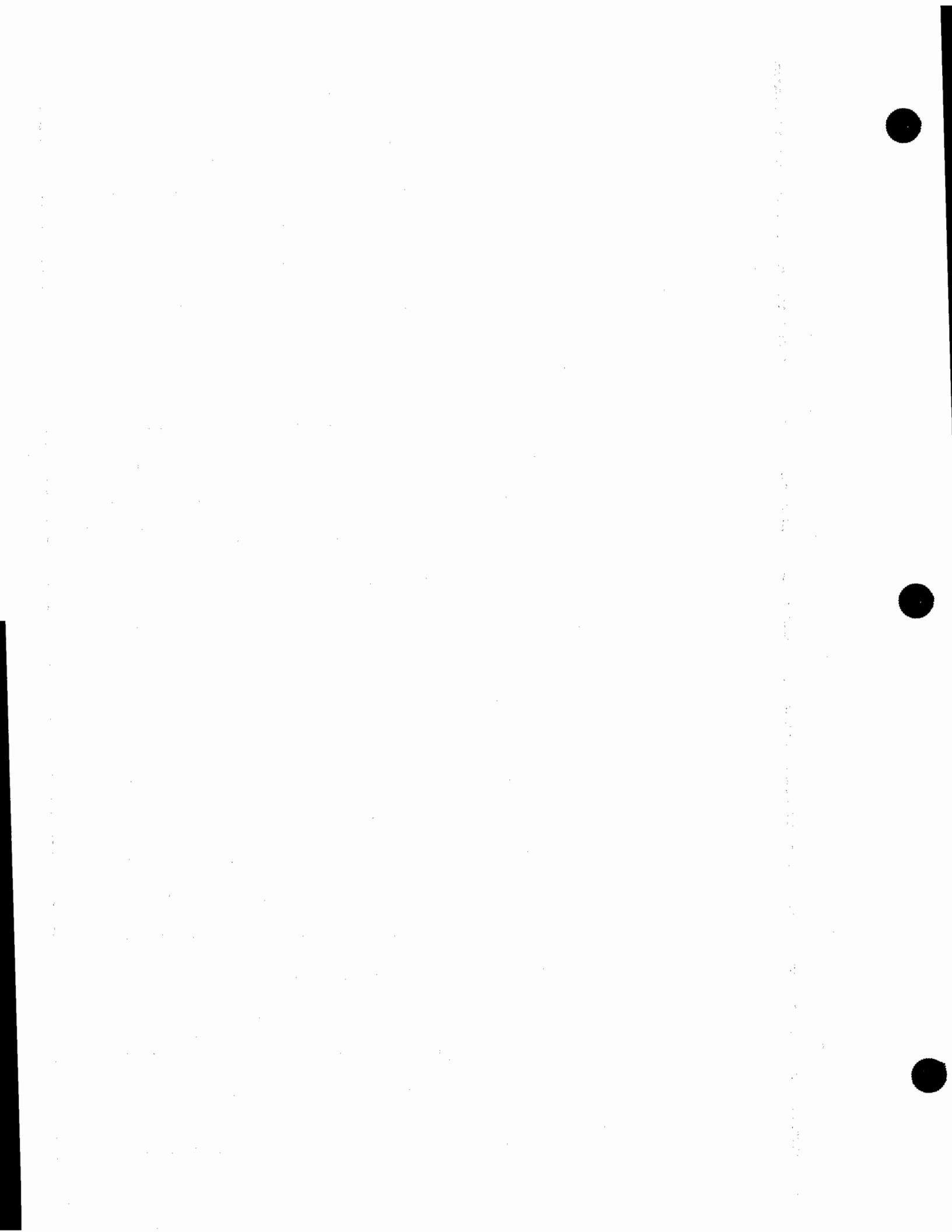
1 MR. BARLOW: Sure. I move that we allow it to be
2 reduced to 2 million separately.
3 CHAIRMAN VOWELS: All right. So there is a motion
4 to approve and approve, is there a
5 second?
6 MR. MILCOUREK: Second.
7 CHAIRMAN VOWELS: Any further discussion?
8 All those in favor say aye.
9 (Aye responses given.)
10 CHAIRMAN VOWELS: Show that they are approved and
11 approved.
12 And then we go to the transfer of
13 ownership of Caesars RDI, Mr. Osborn.
14 MR. OSBORN: Thank you, Mr. Chairman. I believe
15 Ron Gifford is here to represent
16 Caesars. Ron, if you could come
17 forward and state your name and spell
18 it for the record, please.
19 MR. GIFFORD: Good morning, Ron Gifford,
20 G-I-F-F-O-R-D.
21 MR. OSBORN: Mr. Gifford's here on behalf of
22 Caesars. Caesars is in the process
23 of attempting to purchase or actually
24 purchasing the minority interest in
25 the license for Caesars Indiana.



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riverboat in Harrison County.
The current holders are Roman Holding
and Riverboat Development, Inc.,
which holds 82 percent interest in
the license, and RDI holds -- the
Riverboat Development Corporation
holds 18 percent. It is Caesars'
intent to purchase that 18 percent
and, because this is a transaction
involving parties that we've already
investigated, there are no new key
persons, no substantial ownership
changes or restructuring, they've
asked us to waive the normal
investigations and fees and
procedures for a transfer of
ownership, and that is what's before
the commission today.

CHAIRMAN VOWELS: And there's also the request --
When we've done transfers in the
past, the \$50,000 fee, that always is
attendant with the background
investigations and to cover all of
those expenses but, with this waiver,
there wouldn't be any of those



1 expenses; is that right?

2 MR. OSBORN: That's correct, Mr. Chairman. And

3 there's precedent for this. There

4 have been at least ten such

5 transactions in the history of the

6 gaming commission.

7 CHAIRMAN VOWELS: That waiver of the \$50,000

8 transfer fee?

9 MR. OSBORN: That's correct.

10 MR. BARLOW: It's your recommendation, then, that

11 we approve it?

12 MR. OSBORN: Yes, it is.

13 CHAIRMAN VOWELS: And, Mr. Gifford, since you

14 walked all the way up here, anything

15 you want to say?

16 MR. GIFFORD: No, sir.

17 CHAIRMAN VOWELS: Good.

18 MR. BARLOW: I'd move we approve Resolution

19 2004-67 granting that waiver.

20 CHAIRMAN VOWELS: We were just computing your

21 hourly rate, how much you made a word

22 by standing there. As a lawyer, I

23 have to admire that. But, anyway,

24 there you go.

25 All right. There's been a motion,



1 and was there a second to approve?
2 MR. BARLOW: There's a certain value in knowing
3 when to shut up.
4 CHAIRMAN VOWELS: This is true. I never learned
5 that personally, but there you go.
6 At \$50 a day, I don't know what I'm
7 making a word. Well below minimum
8 wage.
9 Okay. There was a motion to approve,
10 is there a motion to second?
11 MR. MELHISER: Second.
12 CHAIRMAN VOWELS: Any further discussion?
13 All those in favor say aye.
14 (Aye response given.)
15 CHAIRMAN VOWELS: Show that it is approved.
16 Congratulations, good job.
17 MR. GIFFORD: Thank you.
18 CHAIRMAN VOWELS: All right. And then, Mr. Osborn,
19 we're still with you on financing.
20 MR. OSBORN: Yes, Mr. Chairman. The first
21 financing matter is not before you as
22 a resolution, it is a first meeting
23 issue for Harrah's, and Kay Fleming
24 is here to represent Harrah's. It
25 appears she has some other people she



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will introduce as she gets to the podium.

CHAIRMAN VOWELS: Good morning, Miss Fleming.

MS. FLEMING: Good morning, Kay Fleming, F-L-E-M-I-N-G, with Ice Miller.

MR. PARENTI: Philip Parenti, P-A-R-E-N-T-I, chief regulatory compliance officer for Harrah's.

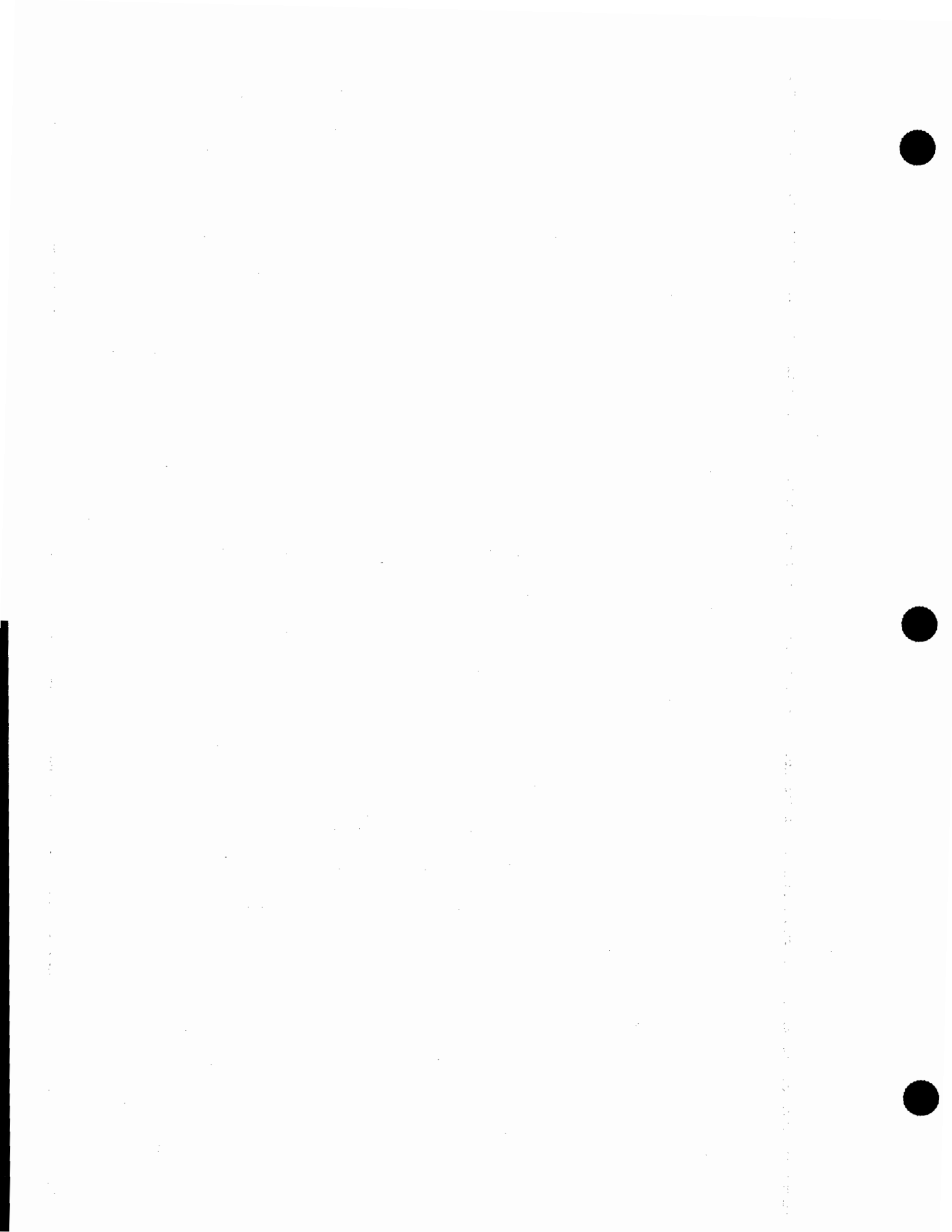
MR. OSBORN: Ms. Fleming will give the details of the transaction just to give you a general summary of what Harrah's is proposing.

They intend to get an amended and restated credit agreement in an amount not to exceed \$5 billion. They also plan to do a Rule 144(A) private placement of up to \$2 billion in fixed rate senior notes and, in addition to that, they will -- would like the option to be able to seek or to create \$500 million in senior notes as well.

MS. FLEMING: That is correct.

CHAIRMAN VOWELS: Are there any questions? Okay.

All right, so we'll just be updated



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on that and deal with it when it comes to the point when it's time for us to.

MS. FLEMING: Harrah's current plan is to seek interim approval before the end of the year. They plan to close early the first quarter 2005.

CHAIRMAN VOWELS: Okay, thank you. Anything else you want to add?

Okay. I was advised that your status there at the law firm has changed for the better.

MS. FLEMING: Yes.

CHAIRMAN VOWELS: You're now the most senior partner, I suppose?

MS. FLEMING: I don't know if that's the case.

CHAIRMAN VOWELS: She made partner.

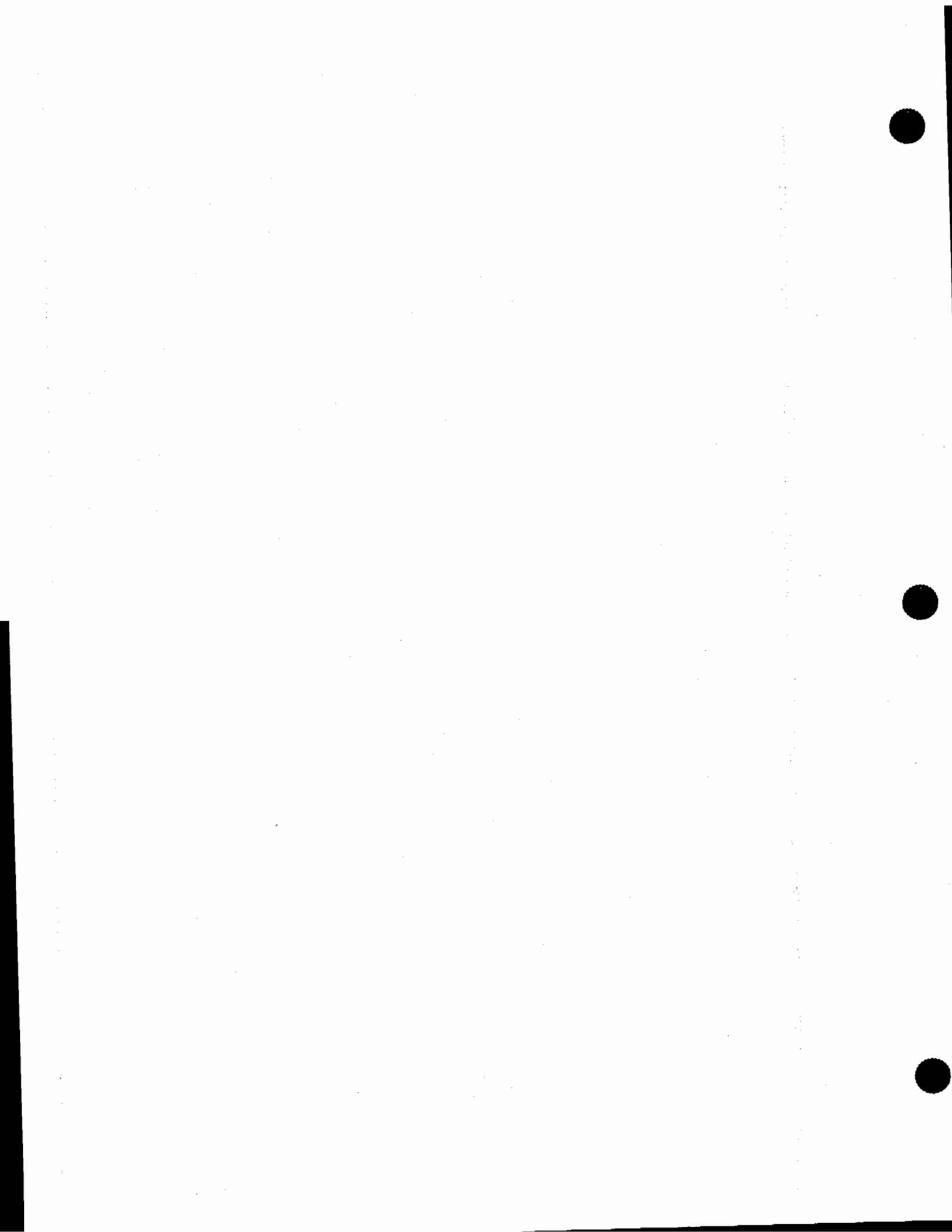
Congratulations, I always had high hopes for you.

MS. FLEMING: Thank you.

CHAIRMAN VOWELS: Thank you.

Then we have Colony Capital, Mr. Osborn?

MR. OSBORN: Yes, Mr. Chairman. This is also a first meeting issue, and I believe



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Mr. Jack Thar is here and he will introduce his guest to the commission as he approaches the podium as well.

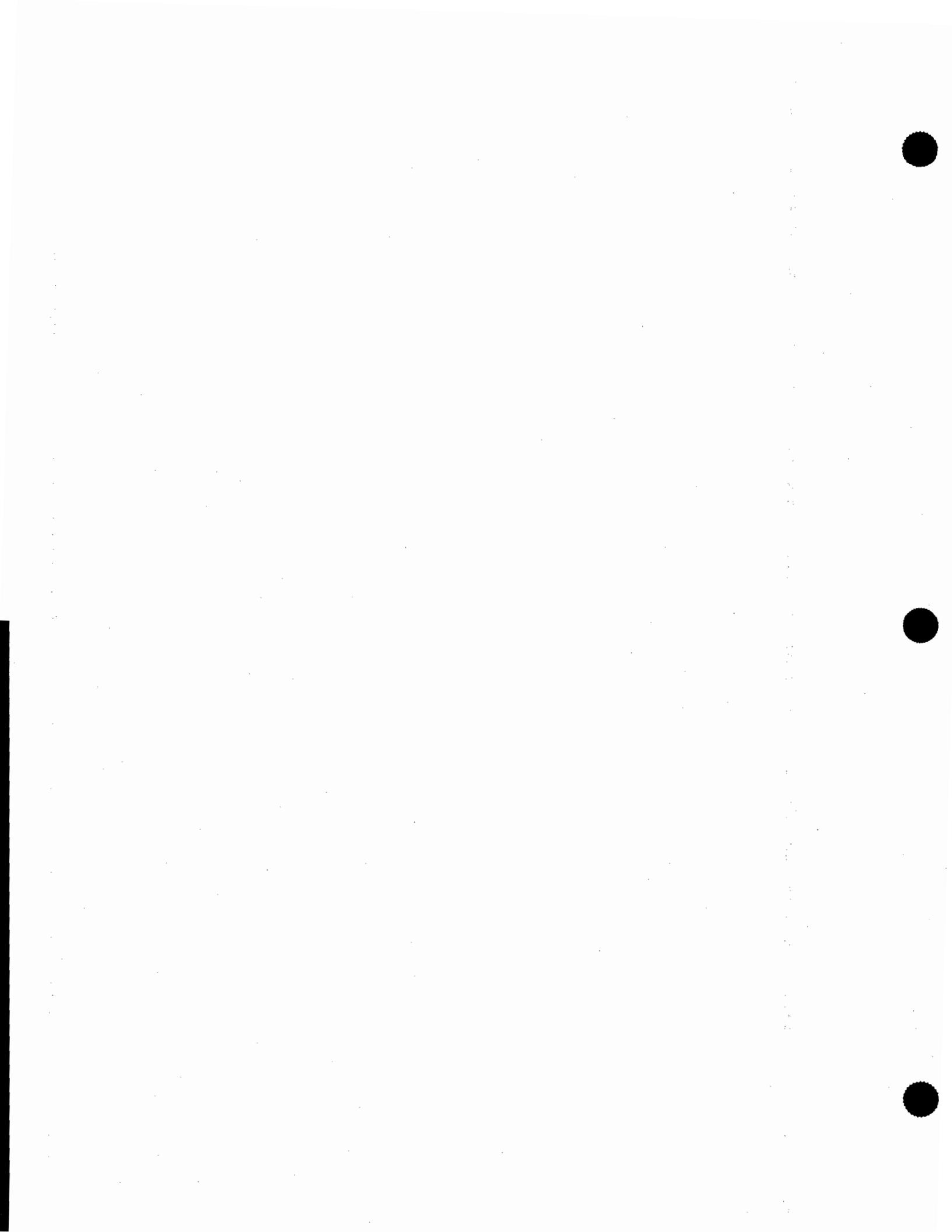
CHAIRMAN VOWELS: Good morning, Mr. Thar.

MR. THAR: Good morning, Mr. Chairman, members of the commission, Mr. Lawrence, members of the staff.

I have with me today Mr. Nick Ribbis. Mr. Ribbis is a principal with regard to Resorts International. Resorts and Colony Capital are in the process of acquiring the Harrah's Chicago property.

Mr. Ribbis would like this morning to address you briefly with regard to a little bit about his background, his gaming experience. Also, a little bit about Resorts and Colony Capital. I then would like to explain to you on a first meeting basis also the financial structure that's being put in place with regard to this particular project.

As some of you know, Mr. Ribbis was previously licensed here as a Level 1



1 licensee when he was running the
2 Trump operation, and was also the
3 person instrumental in taking the
4 company public at the time that it
5 went public.

6 So I will step aside. Mr. Ribbis?

7 CHAIRMAN VOWELS: Good morning, Mr. Ribbis, good to
8 see you again.

9 MR. RIBBIS: Good morning, Mr. Chairman, thank
10 you. Thank you for having me back
11 again. Why is it that Mr. Thar has
12 the easy part? He makes all the
13 money and hands it off to me.
14 First of all, I want to say I'm very
15 happy to be back in Indiana. Spent a
16 lot of time in Indiana, in Gary, a
17 project, as you know, I was chairman.
18 I know some of the commissioners from
19 my prior life.

20 Just bringing you up-to-date, about
21 five years ago, it's almost five
22 years ago this month, I left the
23 Trump organization and I went off to
24 do some things on my own.

25 And I joined up with Colony Capital,

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And I know the chairman of Colony Capital. Thomas Barrick has been a friend and business associate of mine for almost 20 years now, and we decided to do some deals together. Colony Capital is a \$10 billion fund with investments around the world. I want to first say Mr. Barrick wanted to be here today but he travels about 300 days a year looking at investments, and he apologizes. He again asked me to do the tough work while he flies around wherever he is, in Asia or someplace. But Mr. Barrick and I joined up, and I'm a principal in the company. Mr. Barrick and I are the two general partners. Colony Capital is a large fund. There are six Colony Capital funds. The Colony Capital that will be an investor here will be Colony 6. My life with Colony began -- I'm not a partner in Colony, I'm an individual partner in transactions with the acquisition of Resorts



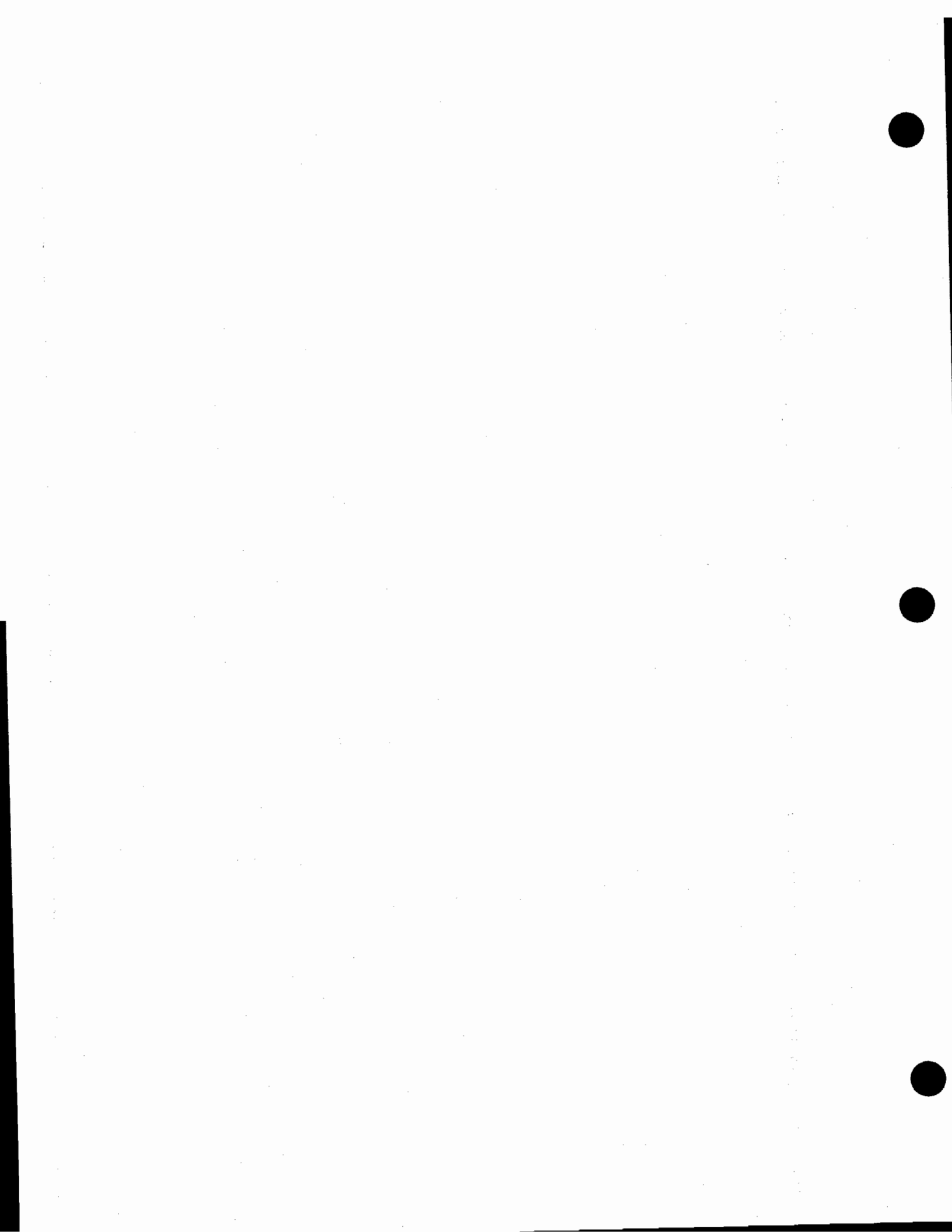
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International in April of 2001, and we proceeded to take down a tower there of about 175 rooms and just completed a 500-room tower. We have about a thousand rooms in Atlantic City.

We then went on to acquire the Las Vegas Hilton in May of last year. That's a 3,000-room hotel adjacent to the convention center. We're in the process of about \$75 million worth of renovations there. The property's doing very, very well.

We have Reed Preto, who is our general manager there and chief operating officer, who will also be the senior executive of the property in Indiana.

We have hired Joseph Derosa, who was previously with us at Trump and went off and did things for about five years, as a general manager. He's already at the property and is starting the transition which hopefully will take place early in



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the first quarter -- in the first quarter at your first meeting next year.

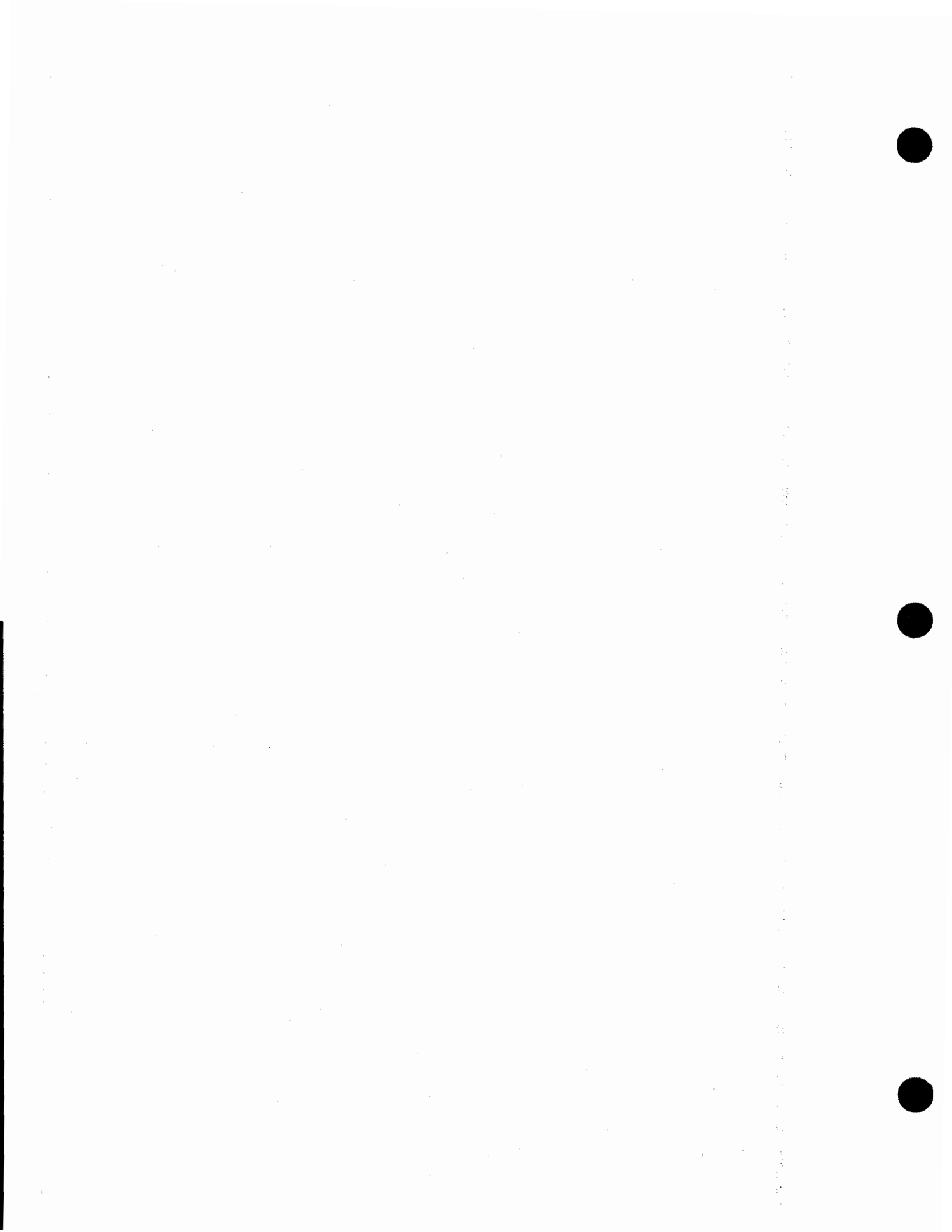
We signed a contract in September with Harrah's and Caesars to acquire four properties. The four properties were the Harrah's property in Chicago, the Harrah's property in Tunica, Valley Tunica, and the Atlantic City Hilton.

Specifically as to the property in Indiana, we are keeping all staff, we're keeping all employees.

Harrah's, in our transaction, in our contract, had the right to take certain executives with them, which they are going to do and we'll obviously have to fill in the ranks from within and from without, which we're in the process of doing.

This transaction will close sometime in the first quarter, depending on regulatory approvals.

As to the financing of the transaction, we are putting in \$360



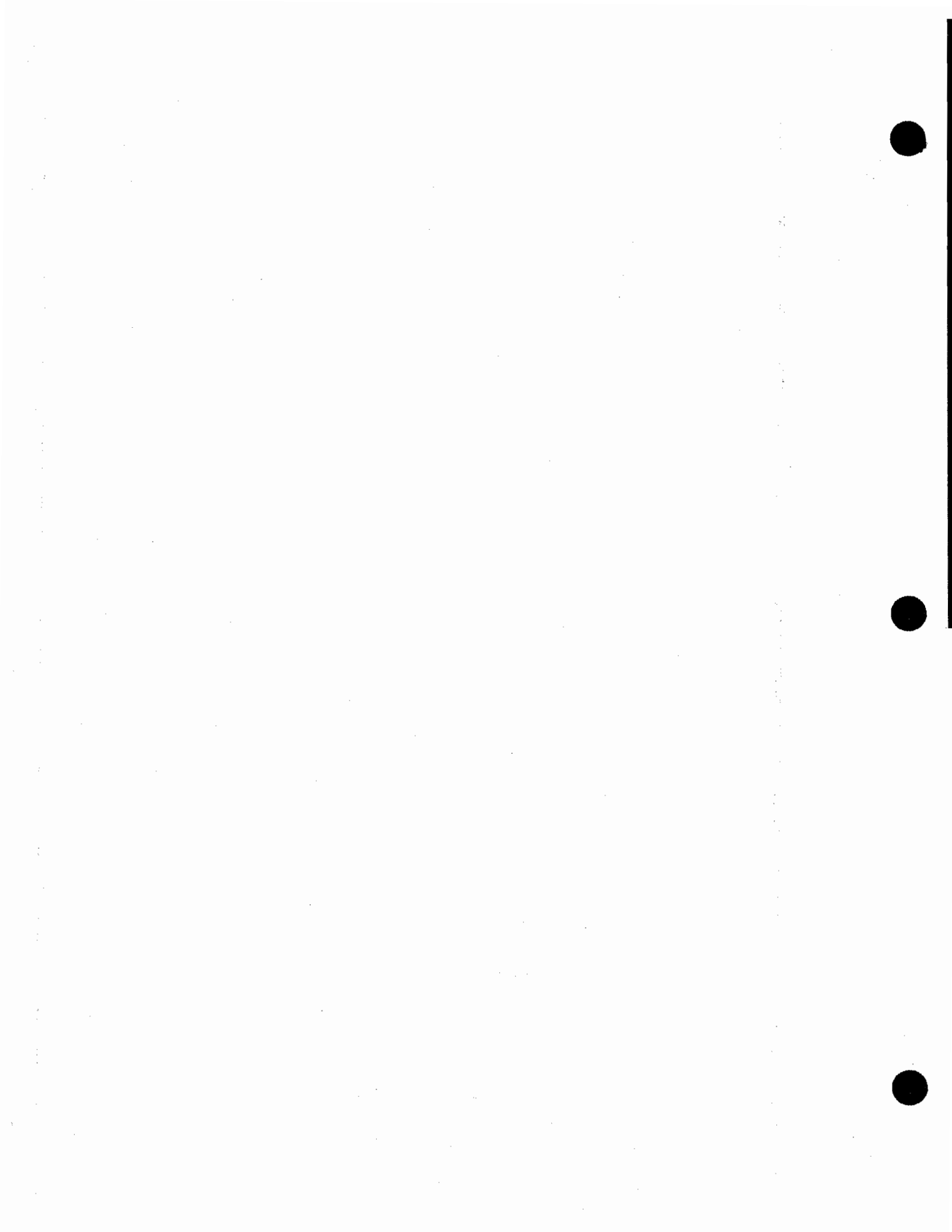
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million of equity, which has already been raised. We have a committed financing from Deutsch Bank and Goldman Sax of a combination of debt -- two different debt pieces of paper of \$950 million.

Those transactions will obviously close concurrently with regulatory approvals, but we have committed financing and we're prepared to move ahead.

We think it's a great property. It's going to be renamed Resorts because the Harrah's will obviously go away. We tried to negotiate that into the deal but they refused, but we're going to rename both Harrah's properties Resorts.

What we intend to do is take these four properties and merge into them Resorts Atlantic City and the Las Vegas Hilton, so we'll have six properties throughout the United States, two in Atlantic City, a large one in Las Vegas, one here, and two



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in Tunica.
We're very proud to be in Indiana. I had a lot of success here before, and I think that I've said enough. And if you have any questions, I'll be glad to answer them.

And, again, Mr. Barrick says that he apologizes for not being here today, but I have a feeling you'll be seeing a lot more of me than you'll be seeing of him with his travel schedule.

Thank you very much for having me.

CHAIRMAN VOWELS: Thank you. Are there any questions?

Thank you for that update. When we had our last meeting and the Colony name came up, I was unfamiliar with them. And when your name came up, I felt much more comfortable knowing your gaming experience and the time that we had together back when you were the person that we dealt with primarily with Trump.

So it's good to see you again, and



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we'll take this as it goes and thank you for the update.

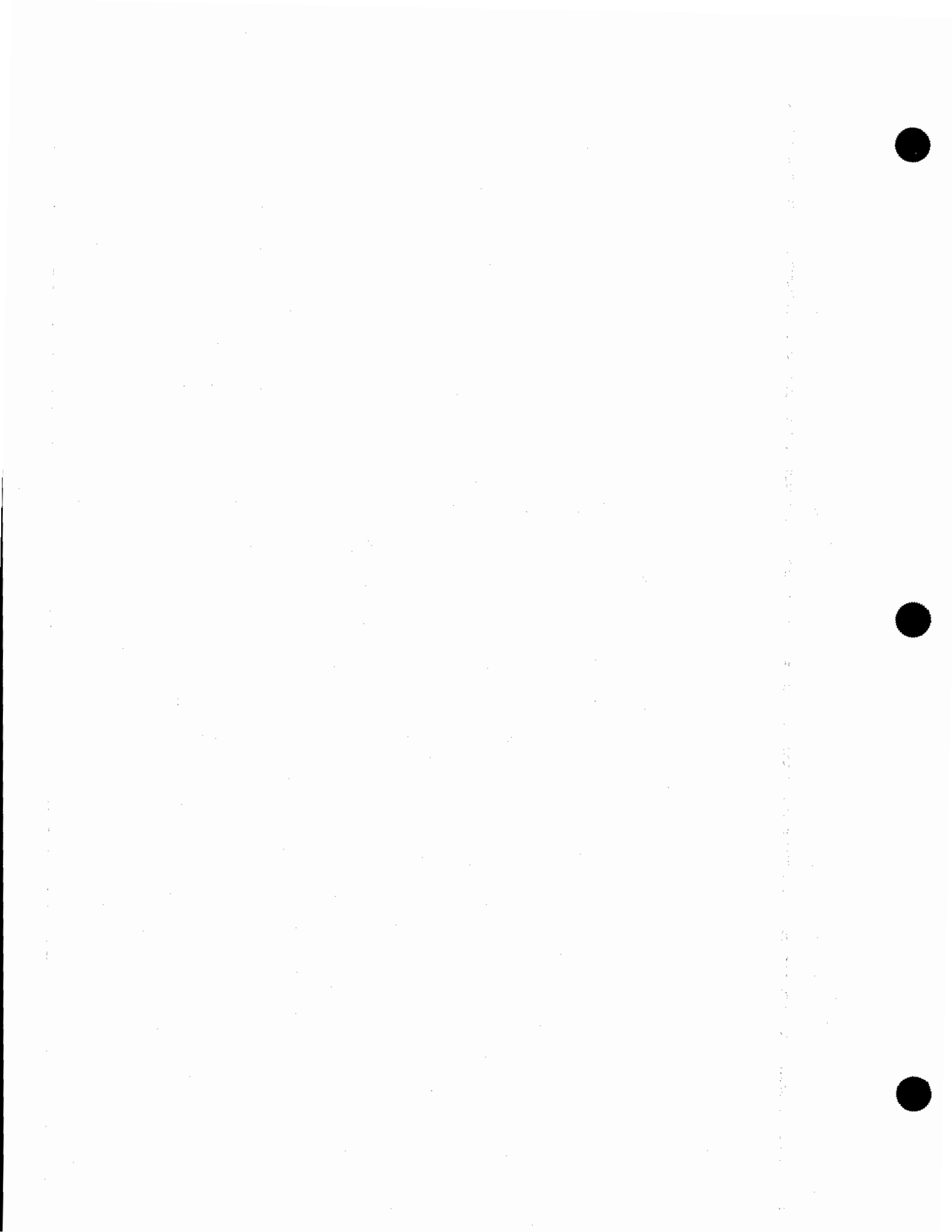
MR. RIBBIS: We'll keep you up-to-date and Mr. Thar will keep you up-to-date as things happen and come back next time. If you have any questions, we're obviously available and I'm glad to be back. Thank you very much.

CHAIRMAN VOWELS: Thank you. Thank you, Mr. Thar. The next matter, then, Mr. Osborn -- Was there anything you wanted to add on Colony other than that?

MR. OSBORN: No, Mr. Chairman.

CHAIRMAN VOWELS: Okay. Pinnacle Resolution 2004-68, which was in the packet we got this morning. That has a number on it. We had it before then. What do you want to tell us about this?

MR. OSBORN: Well, we'll bring Mr. Gifford up for some more billable hours. This actually has already been approved through the waiver process in the Resolution 2003-2. Pinnacle has asked and has received permission



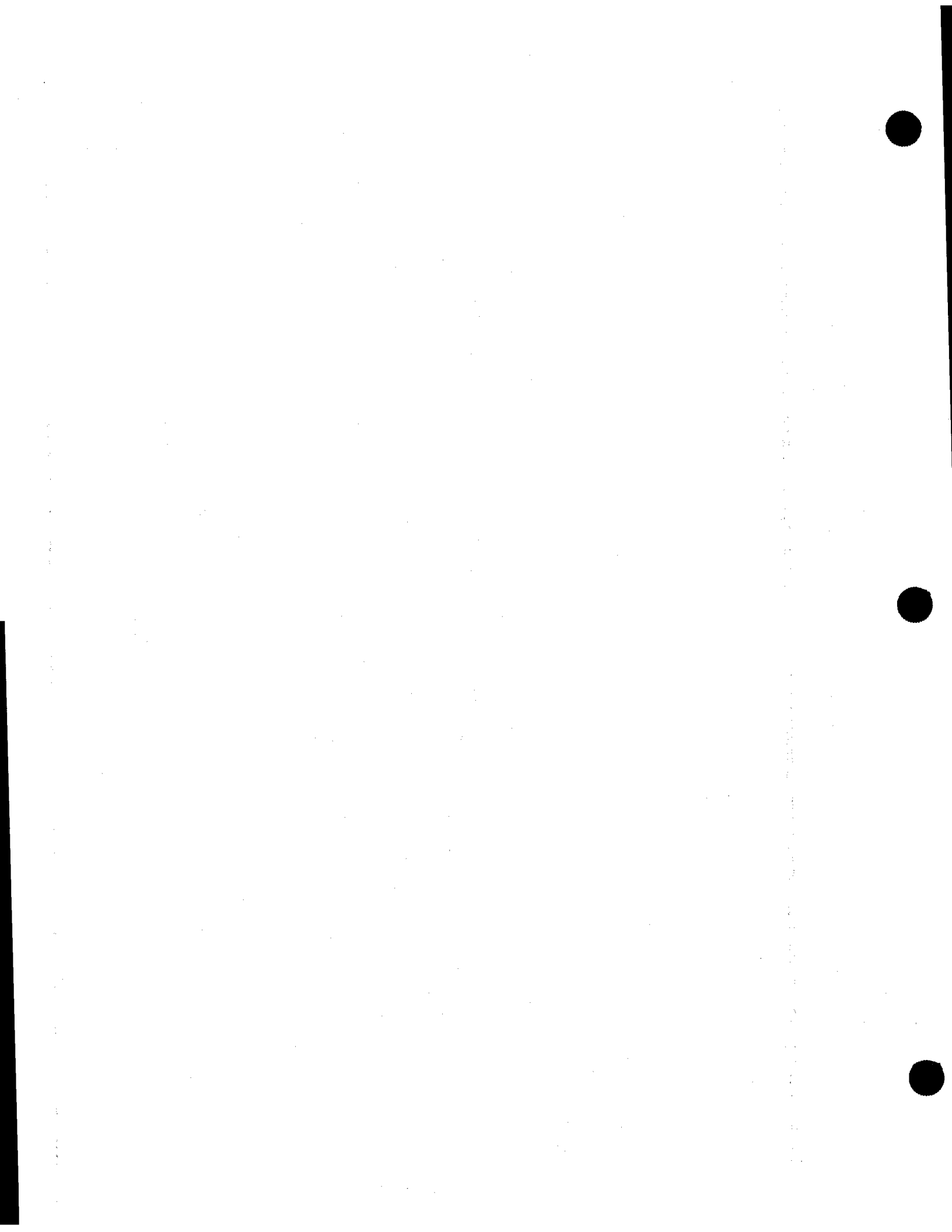
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from the executive director, from the chairman, and from our new member, Mr. Melhiser, to seek approval to refinance \$162 million of a 9.25 percent senior subordinated note, and the details are included in the resolution.

Mr. Gifford can update you on exactly where things have gone since then, but the commission approved this through the waiver procedure back on November 12th, and he is now here to ask for ratification of the waiver by the commission.

So effectively what the commission is being asked to do is to ratify the approval and also to ratify the waiver of the two meeting rule as required, and I would recommend approval of both.

CHAIRMAN VOWELS: Mr. Gifford, I don't know if you've had an opportunity to look at the resolution, but 162 million of 9.25 percent senior subordinated notes, et cetera, is that where all



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of this stands today? Any of the numbers changed?

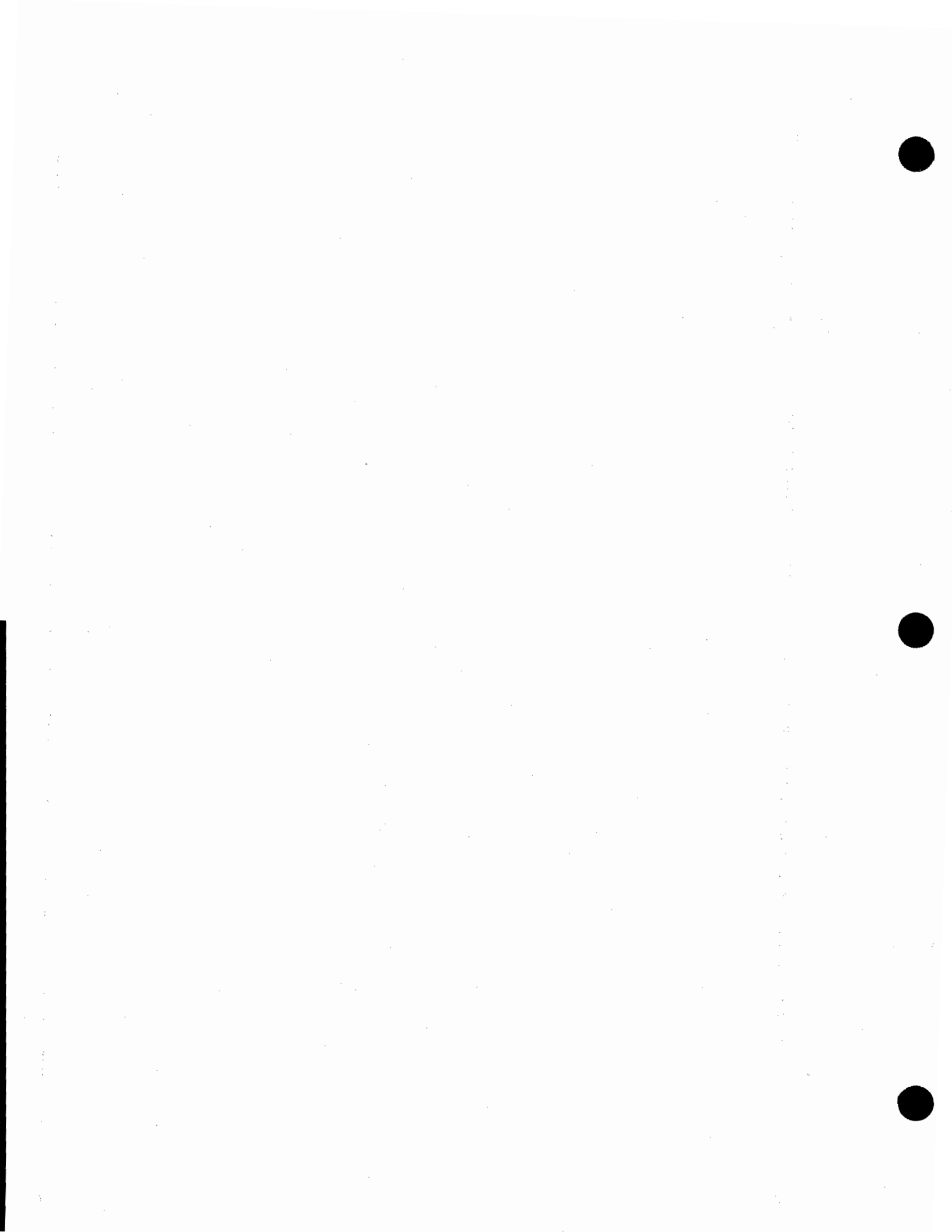
MR. GIFFORD: It's the \$162 million, 9.25 percent, that's correct.

So far the way they've done this, they've done a tender offer for a hundred million of that, which will be refinanced with 8.25 percent senior subordinated debts, and then the plan is to, depending on market conditions, go out and do the remaining 62 million through an additional convertible subordinated notes issuance, and that really is going to be market driven.

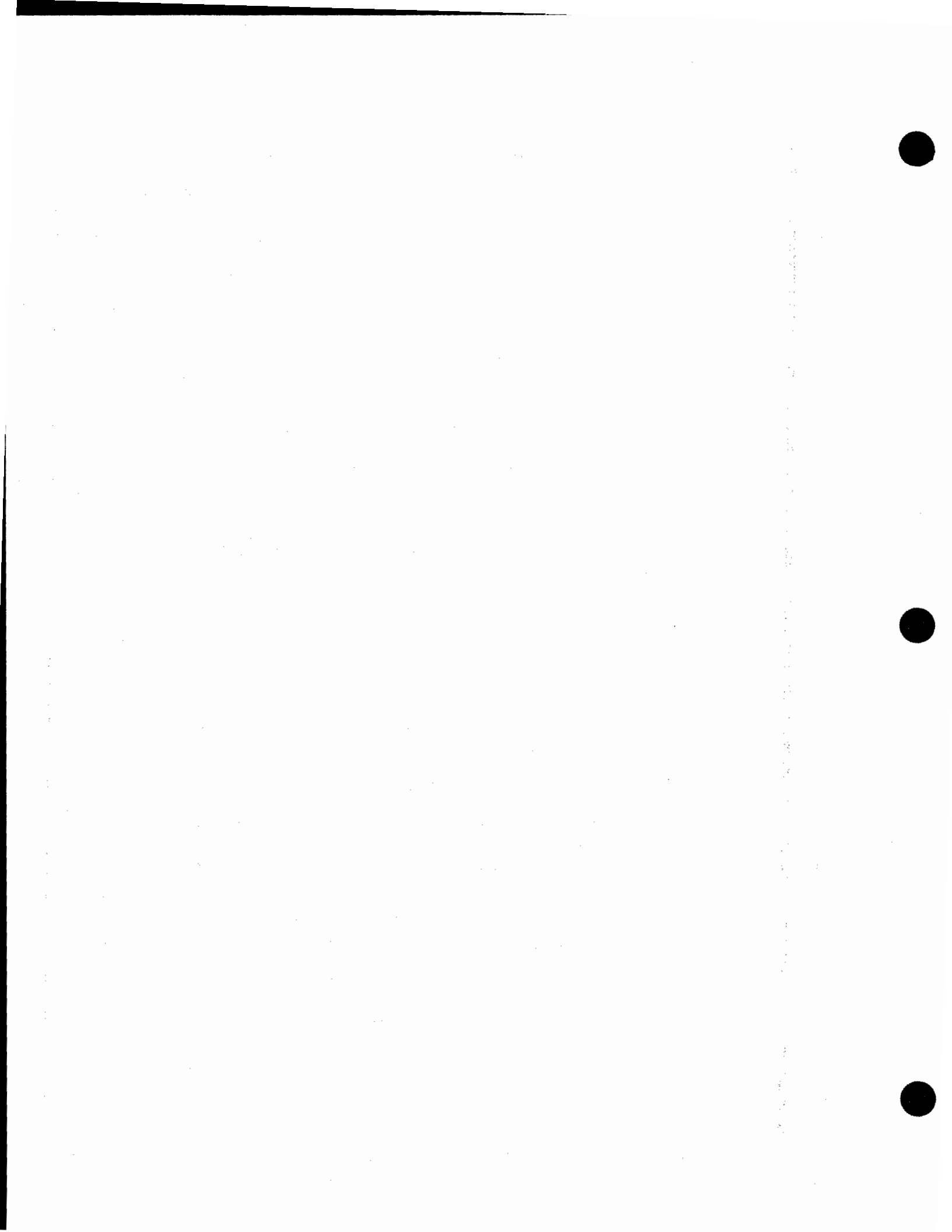
Could happen within the next few weeks.

CHAIRMAN VOWELS: Okay. Are there any questions for Mr. Gifford?

In front of us, then, is Resolution 2004-68 concerning the financing by Pinnacle Entertainment, Inc. Comes in two parts to approve or disapprove the request to ratify the November 12th, 2004, approval and then to



1 approve or disapprove that subject to
2 the review and approval of the final
3 rat by the commission staff.
4 Is there a motion that would take
5 into consideration both parts of this
6 to approve or disapprove, et cetera?
7 MR. BARLOW: I'd move the approval of both.
8 CHAIRMAN VOWELS: Is there a second?
9 MR. NDUKWU: Second.
10 CHAIRMAN VOWELS: Any further discussion?
11 All those in favor say aye.
12 (Aye responses given.)
13 CHAIRMAN VOWELS: Show that they are approved,
14 Mr. Gifford.
15 MR. GIFFORD: Thank you very much.
16 CHAIRMAN VOWELS: And then Resolution 2004-69,
17 Mr. Osborn.
18 MR. OSBORN: I guess I'd call to the commission --
19 to the podium Mr. Greg Hahn, who is
20 representing Trump today. This is
21 also a request to ratify a waiver
22 that has already been processed
23 through the Resolution 2003-2.
24 It concerns an approval to obtain a
25 hundred million dollars in revolving



1 credit facility as part of a debtor
2 in possession financing through the
3 Trump bankruptcy, and was approved
4 back on November 19th, 2004, through
5 the resolution and waiver process.
6 Mr. Hahn is here to answer whatever
7 questions you may have and ask you to
8 both waive the two meeting rule and
9 ratify the previous approval by the
10 executive director, the chairman, and
11 Mr. Melhiser.

12 CHAIRMAN VOWELS: Okay.

13 MR. OSBORN: I would recommend approval.

14 CHAIRMAN VOWELS: Do you have 2004-69 in front of
15 you?

16 MR. OSBORN: I do.

17 CHAIRMAN VOWELS: Would you turn it over, and that
18 section in between the two approves
19 and disapproves where it says and
20 request to ratify the November 19,
21 2004, permitting, should that say
22 Trump?

23 MR. OSBORN: It should.

24 CHAIRMAN VOWELS: That's the beauty of word
25 processors. It's a situation it said

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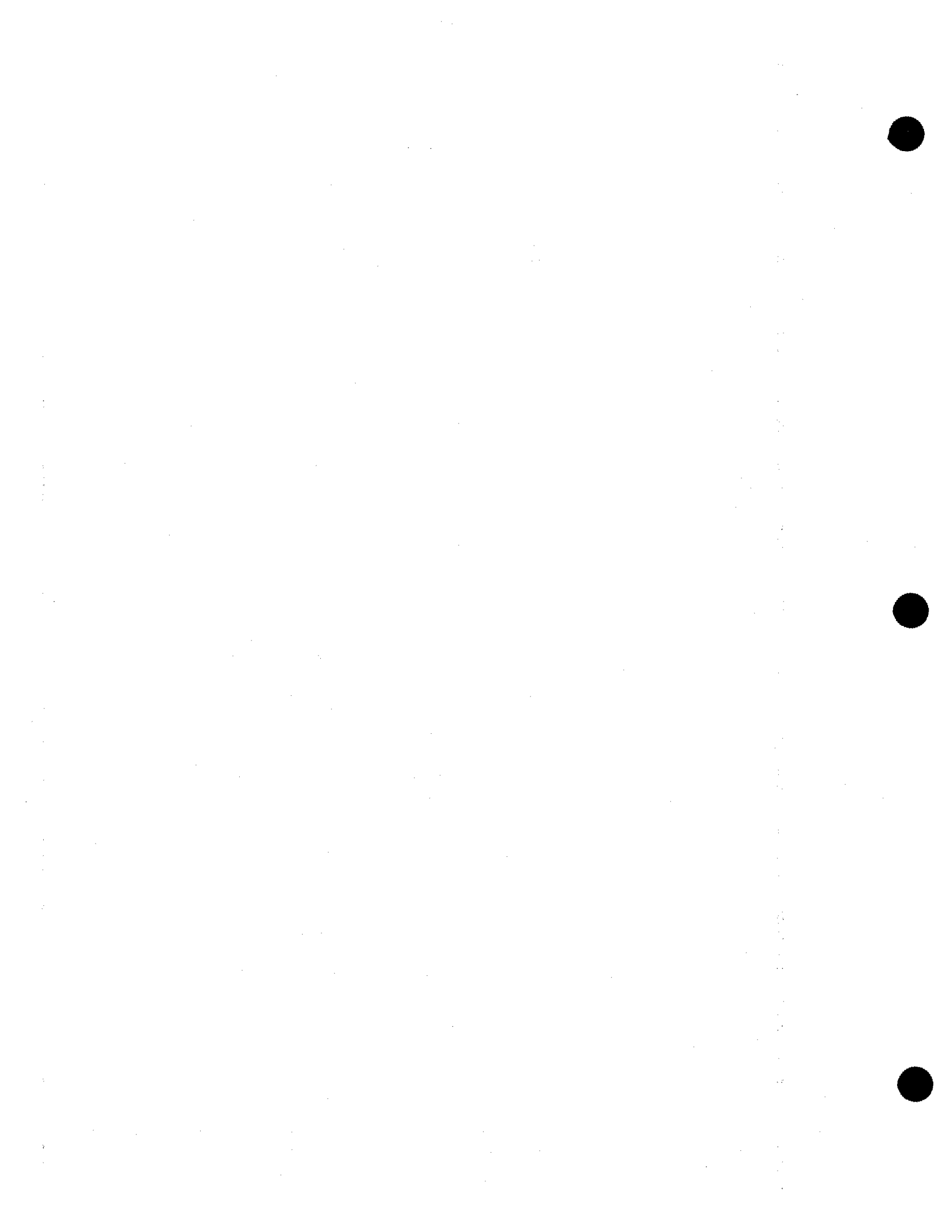
1 Pinnacle, because that's what the
2 last one said. As I say to my
3 secretary, I'm going to get you a
4 typewriter again. But my secretary
5 is not nearly as busy as the
6 commission staff, so --
7 All right. Are there any questions,
8 Mr. Hahn, anything you'd like to add?

9 MR. HAHN: No, I don't believe so. I think it
10 was stated very accurately by
11 Mr. Osborn.

12 CHAIRMAN VOWELS: With that change in that section
13 that inserts Trump, the final thing
14 that we'll sign off on, we'll show,
15 is there a motion in these two parts
16 to approve/approve,
17 disapprove/disapprove, et cetera,
18 Resolution 2004-69, concerning
19 financing the Trump Hotel and Casino
20 Resort, Inc.?
21 Show that Mr. Milcourek moves to
22 approve and approve. Is there a
23 second?

24 MR. BARLOW: I will second and second.

25 CHAIRMAN VOWELS: Any further discussion?



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All in favor say aye.

(Aye response given.)

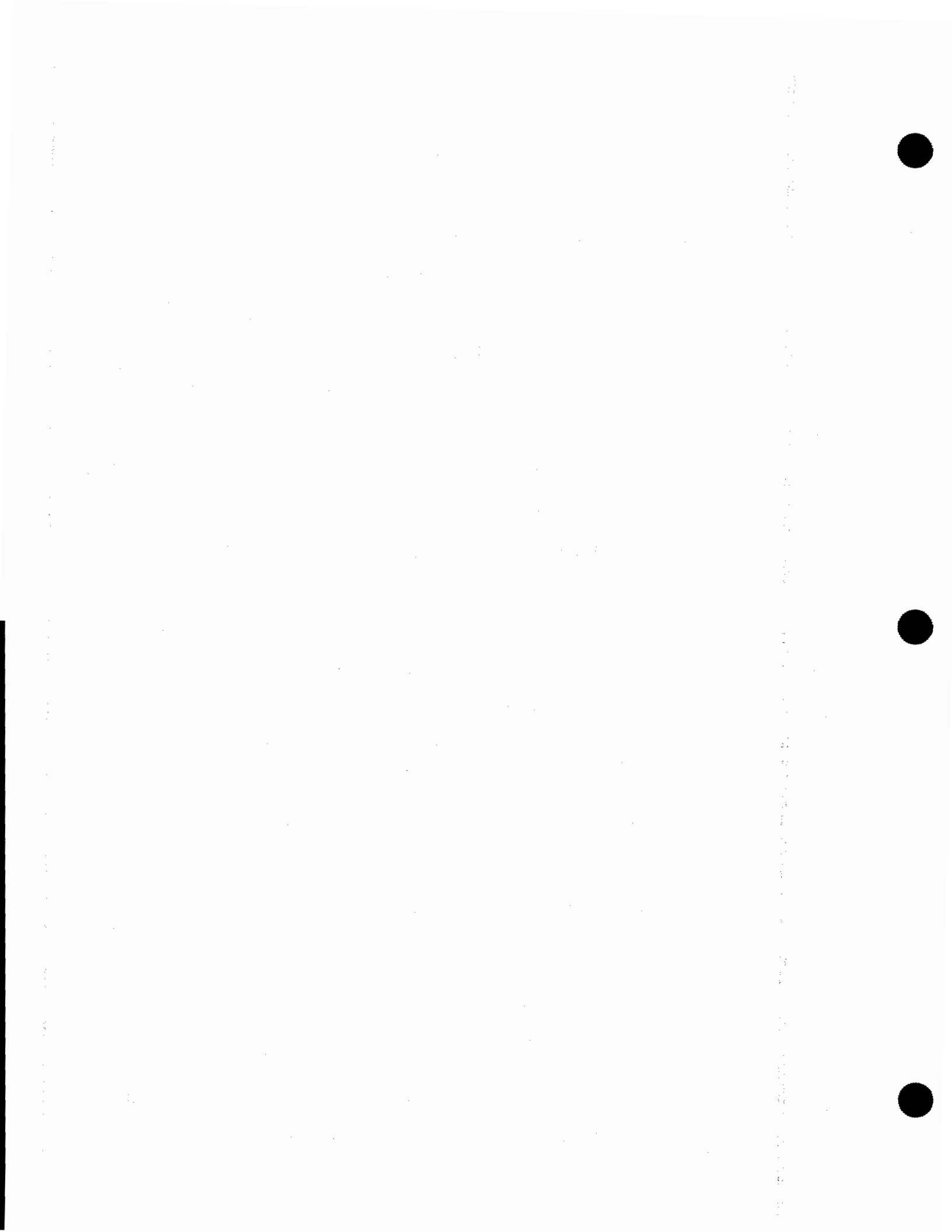
CHAIRMAN VOWELS: Show that it is approved and approved. Approved squared. Thank you.

And then the next matter on the agenda was other business, and, Mr. Lawrence, you tell me that there's nothing really to address on that now; is that correct?

MR. LAWRENCE: Mr. Chairman, may I read into the record a letter that was sent by the governor's chief counsel relative to the discussion we had and my statements concerning the transition team's requests of me and Orange County?

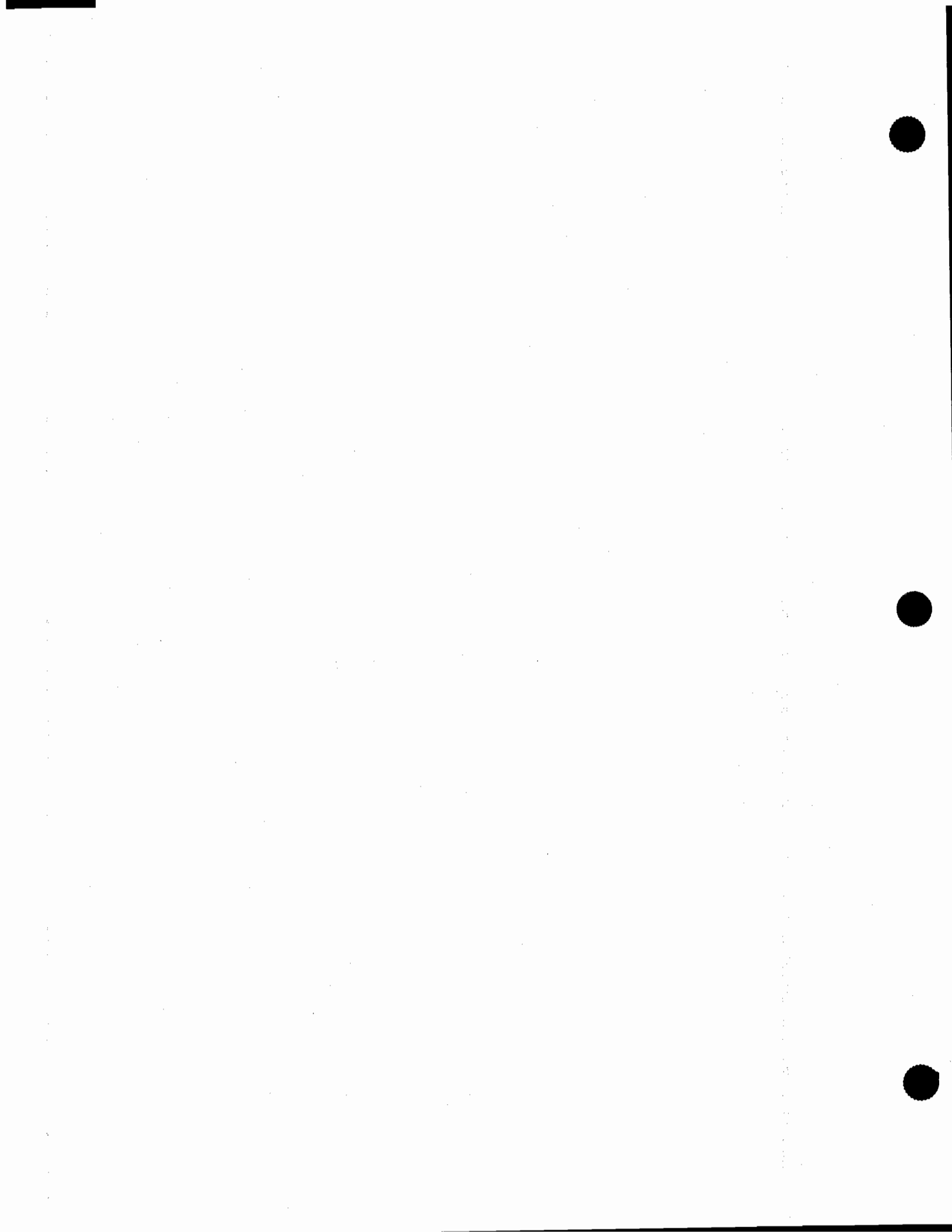
CHAIRMAN VOWELS: Yes. This is the letter you had just received during the meeting?

MR. LAWRENCE: While we were having this discussion, and it basically reflects what I conveyed to the commission and the commission has conveyed to me, and this was sent to Mr. Gonzo, who is the transition coordinator and



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ultimate chief of staff for the
incoming governor.
Basically this letter -- It states,
Basically this letter reflects the
understanding of Mr. Lawrence, Miss
Mary Downs, who is the chief of staff
for Governor Kernan, and the
transition coordinator and me of the
conversations with us on December
1st.
The December 2nd letter does not
accurately reflect those
conversations. Your letter gave us
until December 6th to respond, yet
you announce it to the press on
December 2nd.
Under IC433-6.5, it is the gaming
commission that has the duty to
select an operating agent for the
riverboat in Orange County. Either
Governor Kernan nor anyone in the
governor's office participated in the
process of selecting or negotiating
with Trump Casinos -- Trump Hotels
and Casinos properties with the



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commission selected to be -- excuse me, which the commission selected to be the operating agent.

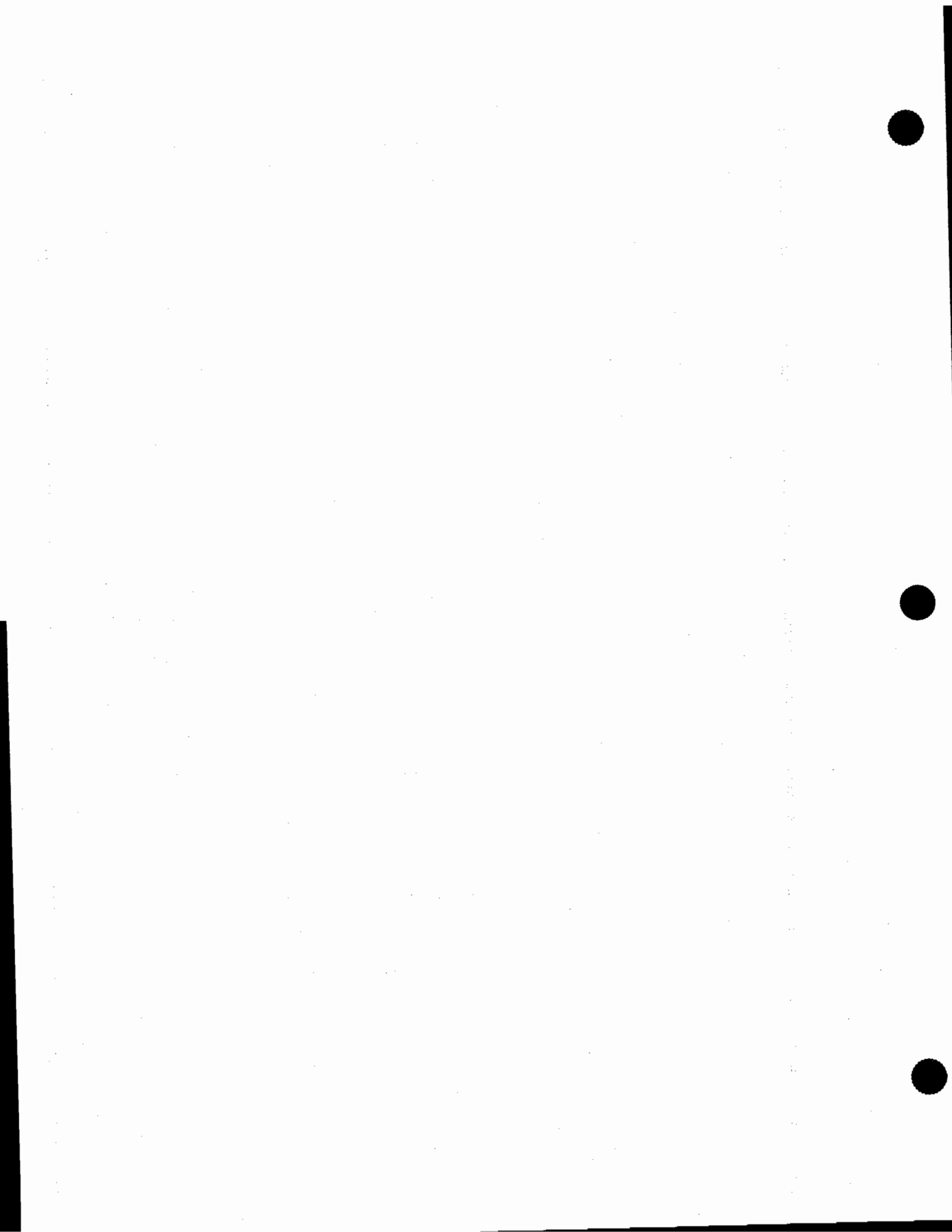
Your expressed desire for the governor elect to review the terms negotiated for Trump Hotels and Casinos properties, we agreed to convey this position to the commission, which has the sole authority to complete the operating agreement.

We agree that we will make available to the governor elect's designee, as executive director of the gaming commission, the information necessary for that review.

We also agree to inform you, before signing the operating agreement, if the operating agreement is ready for signature before January 10, 2005.

Signed by John Larimore, chief counsel to the governor, which I believe reflects what the commission has already stated into the record.

Final statement, I will be submitting



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my resignation as requested by the incoming governor, so this is my last meeting. Any of you, you're all appointed for terms, but I am appointed at the pleasure of the governor.

My last day on the job will be Sunday, January 9th, which is the last day the governor will be on the job.

So I certainly appreciate working with you. It's been an exciting time, especially you, Mr. Chairman, having been here so many years and giving me the insight and assistance to continue with the staff to advise us of all the circumstances that have gone on over the past 11 years.

Our staff is terrific. They have a wealth of knowledge and an ability to see through all the difficulties of this industry and to operate in a fair and impartial manner, as you the commission has done, and wish you the best and thank you, sir.



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CHAIRMAN VOWELS: Thank you, Mr. Lawrence.

(Applause.)

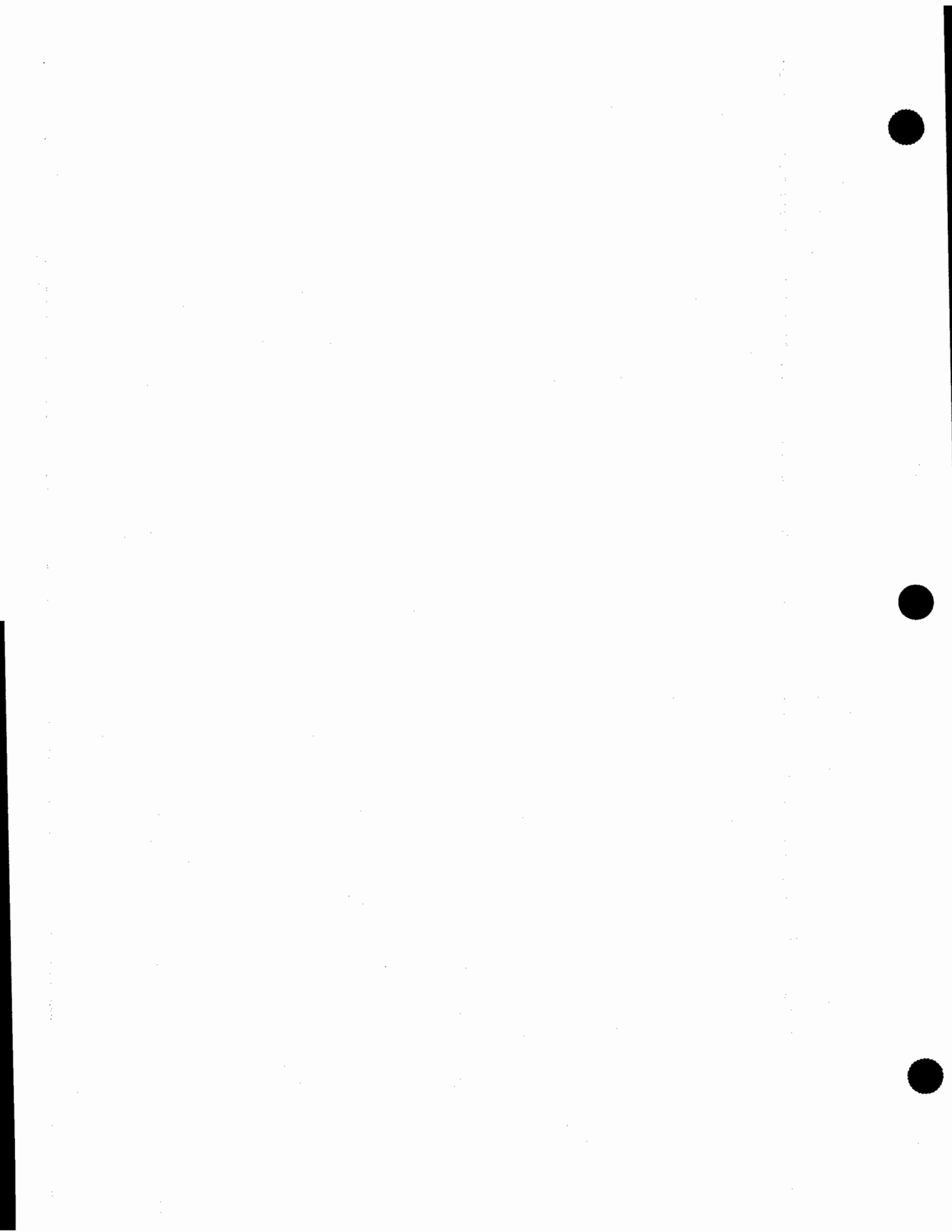
CHAIRMAN VOWELS: And I assume that this will be my last go-around as chairman.

MR. BARLOW: What I would like to say as the new commissioner, you've been a tremendous help to me in educating me and helping me come on board, and I wish you all the best as you proceed forward.

MR. LAWRENCE: I luckily have a golden parachute that I have a very talented wife who works for the mayor of Indianapolis, and that's three more years.

CHAIRMAN VOWELS: I'd suggest the next time she calls you, you pick up the phone. As a divorced guy, I can give you all kinds of tips of what not to do. Okay. Well, where we are right now is, in this agenda, as I said there was other business with the Penn National/Argosy part, but that's nothing that's going to be addressed today.

And then the next meeting will

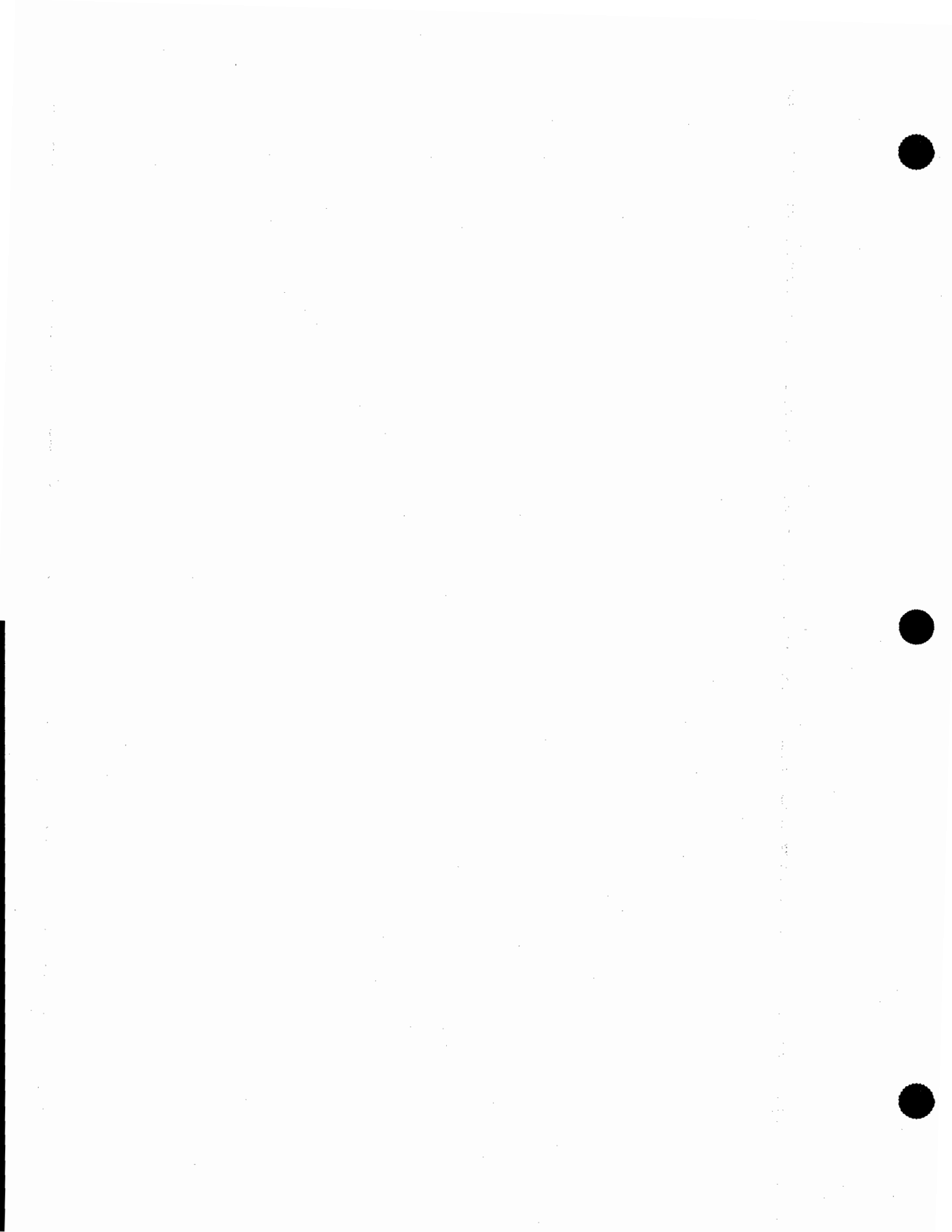


1 probably be sometime in March. We'll
2 let the next guy worry about that
3 one.
4 We are going to take a break here in
5 a moment, because then we move into
6 the public hearing portion, which is
7 scheduled for 11:00 local time and
8 it's almost 11:30 so we're not too
9 far behind, for Indiana Gaming
10 Company, the consideration of the
11 relicensing there, and then at 1:15
12 we'll have the Grand Victoria
13 relicensing hearings.
14 And so we're going to move to adjourn
15 here in just a second, but just let
16 me tell you that the public has the
17 right to address us, that -- do we
18 have those slips somewhere in the
19 back of the room?

20 MS. BRODNAN: List is in the back.

21 CHAIRMAN VOWELS: Okay. Sign-up sheet or slips,
22 whatever they are, back there for
23 anybody who wants to address us.
24 If you limit it to two minutes, and
25 we try to stick with that, so if

68



1 you'll be helpful to us, we
2 appreciate it.
3 So we'll be back -- Let me ask
4 quickly before we take a break here,
5 Indiana Gaming's going to have to set
6 up for their presentation. Do we
7 have any idea how much time they're
8 going to need? You want 15 minutes?
9 You ready? Well, you get 15 minutes.
10 I need a smoke.
11 So is there a motion to adjourn the
12 business meeting?

13 MR. BARLOW: So moved.

14 CHAIRMAN VOWELS: Is there a second?

15 MR. NDUKWU: Second.

16 CHAIRMAN VOWELS: All right.

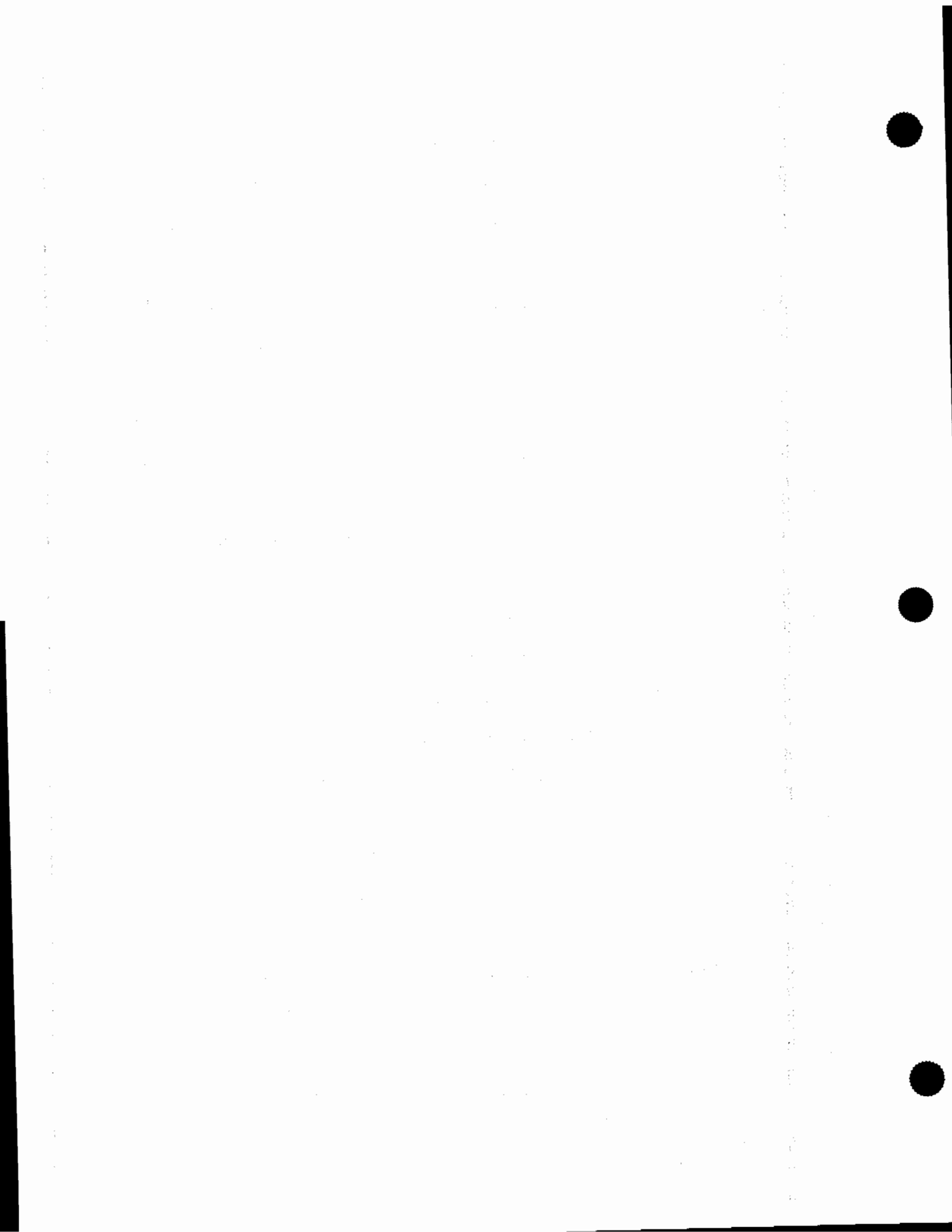
17 All in favor say aye.

18 (Aye responses given.)

19 CHAIRMAN VOWELS: We're adjourned for 15 minutes,
20 we'll come back at quarter till.

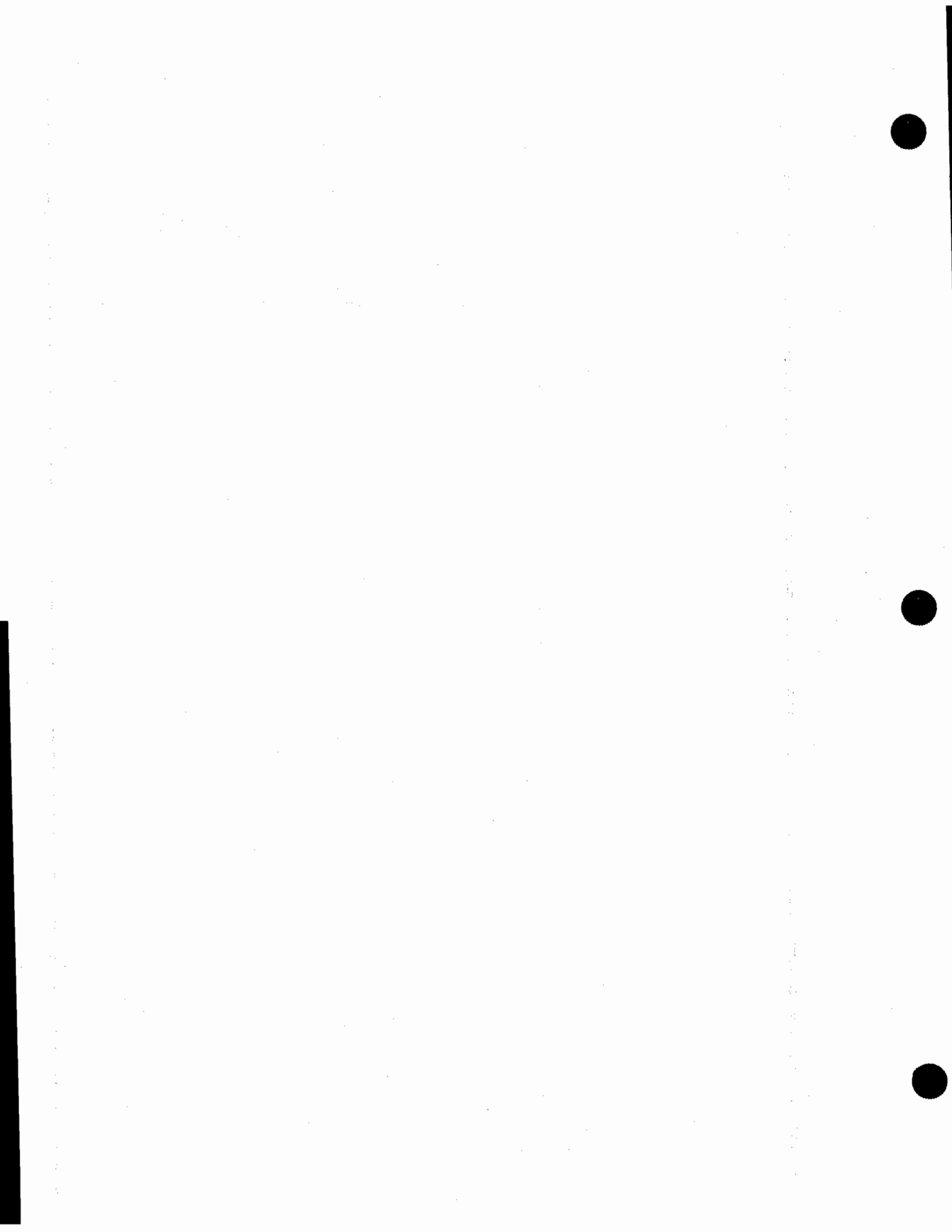
21 (Short break taken.)

22 CHAIRMAN VOWELS: We're back on. Well, that 15
23 minutes turned into a half an hour.
24 The game plan here is we've got the
25 relicensing of Indiana Gaming



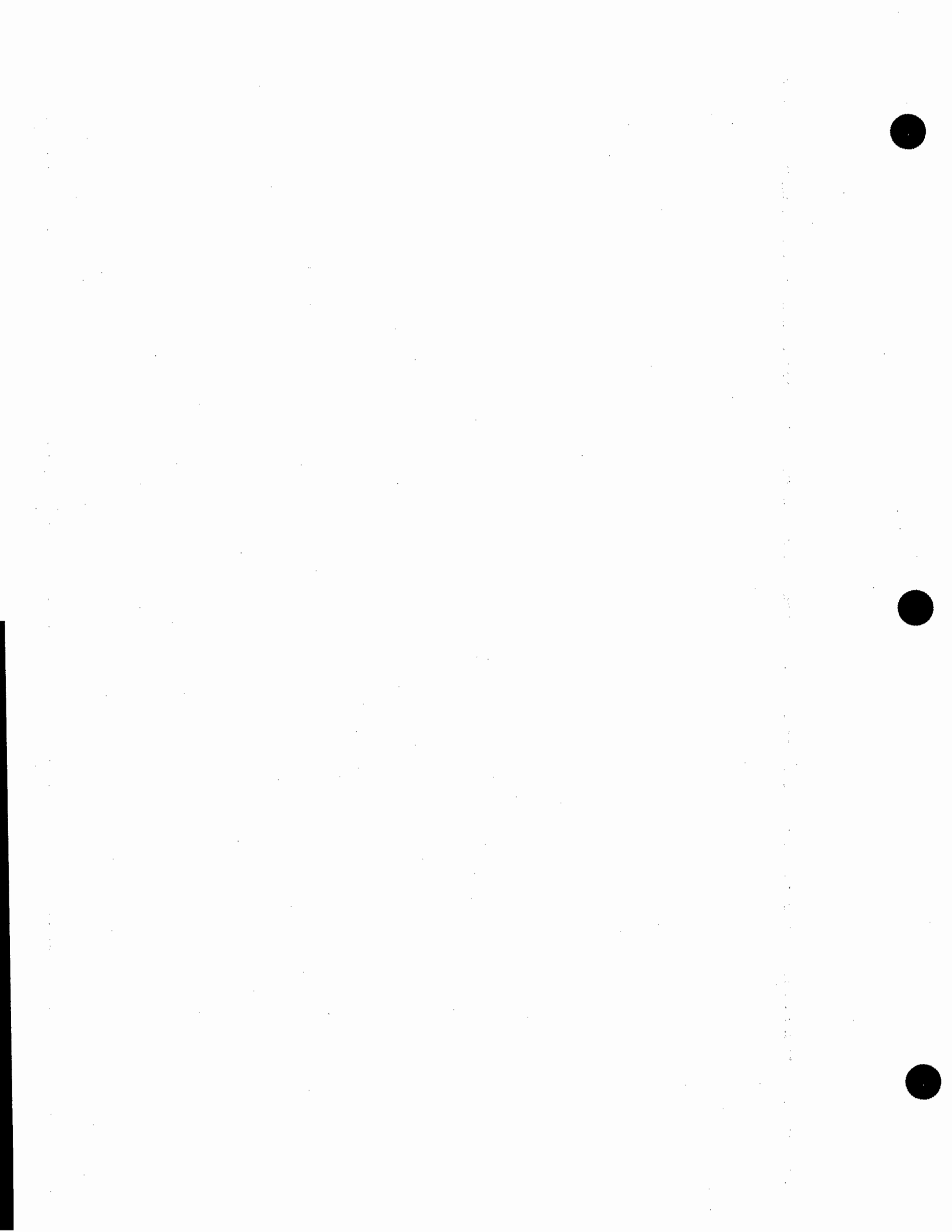
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Company, which we're going to start here in a second, and then at 1:15 is the scheduled time for the beginning of the Grand Vic relicensing. And we're probably just going to see how that bleeds into each other without any kind of big break other than to allow Indiana Gaming to break down what they've put up and Grand Vic's time to put their stuff together. So we're probably just going to keep marching forward here. I was telling one of the commissioners here about Dr. Ross mentioning to me after my first meeting as chairman, and back then I was the youngest person on the commission, and he told me that I was too young to be a chairman because I didn't take enough bathroom breaks, so I've tried to rectify that somewhat. So we'll go ahead and begin. We'll call the meeting to order, and this is the public hearing on the



1 relicense -- consideration of the
2 relicensing of Indiana Gaming
3 Company, LP, Argosy Casino, and we
4 will begin with Drew Klacik.
5 Mr. Klacik, we'll listen to your
6 report.

7 MR. KLACIK: Thank you, Mr. Chairman,
8 commissioners, Executive Director
9 Lawrence, and gaming commission
10 staff. My name is Drew Klacik, I'm a
11 policy analyst with the Center for
12 Urban Policy, and this is our fourth
13 eight-year licensing -- renewal
14 licensing report that we've completed
15 for the gaming commission.
16 In this report we've continued to
17 track Argosy's performance regarding
18 local spending, employment and wages,
19 and incentive payments and local tax
20 revenue generated.
21 We've also continued to analyze the
22 fiscal impact on the local community,
23 the economic impact of the spending
24 of local gaming-related taxes and
25 incentives by the local community and



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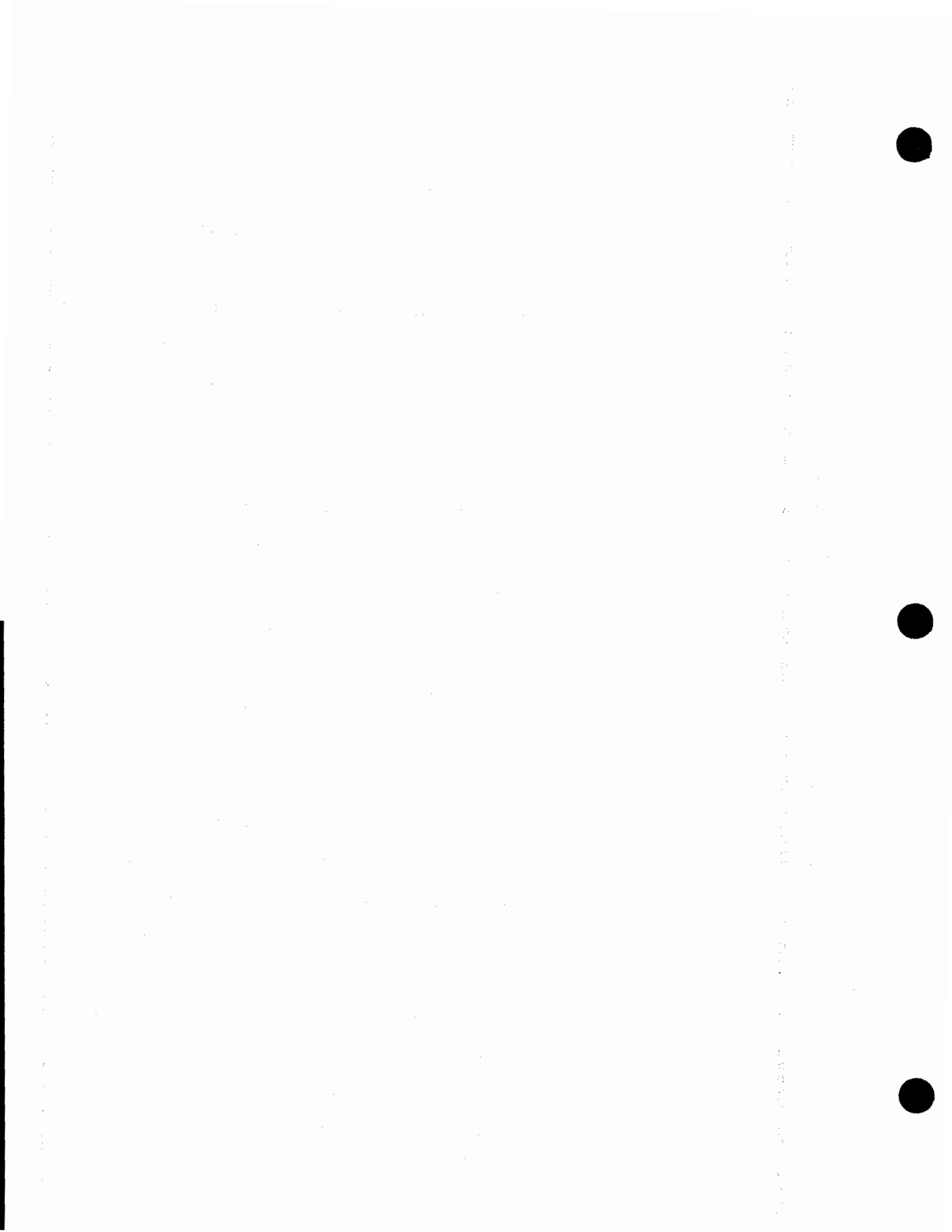
foundations, and we've looked at how employment opportunities have changed the quality of life for Argosy employees.

In the eight-year report we added an analysis of change in the local economy since the opening of the Argosy. We've convened meetings with local community leaders to discuss the positive and negative impressions of their impact of Argosy on the community, and we've looked at Argosy's current fiscal position as well as future outlooks.

I'll give you a few brief highlights, and then you're welcome to ask any questions at your convenience.

In terms of local spending, including capital investment and operations, Argosy has spent about \$20 million since they've opened, approximately 7.4 million of that since the five-year evaluation was completed in the years between 2001 and 2003.

They spent over \$1.1 million in



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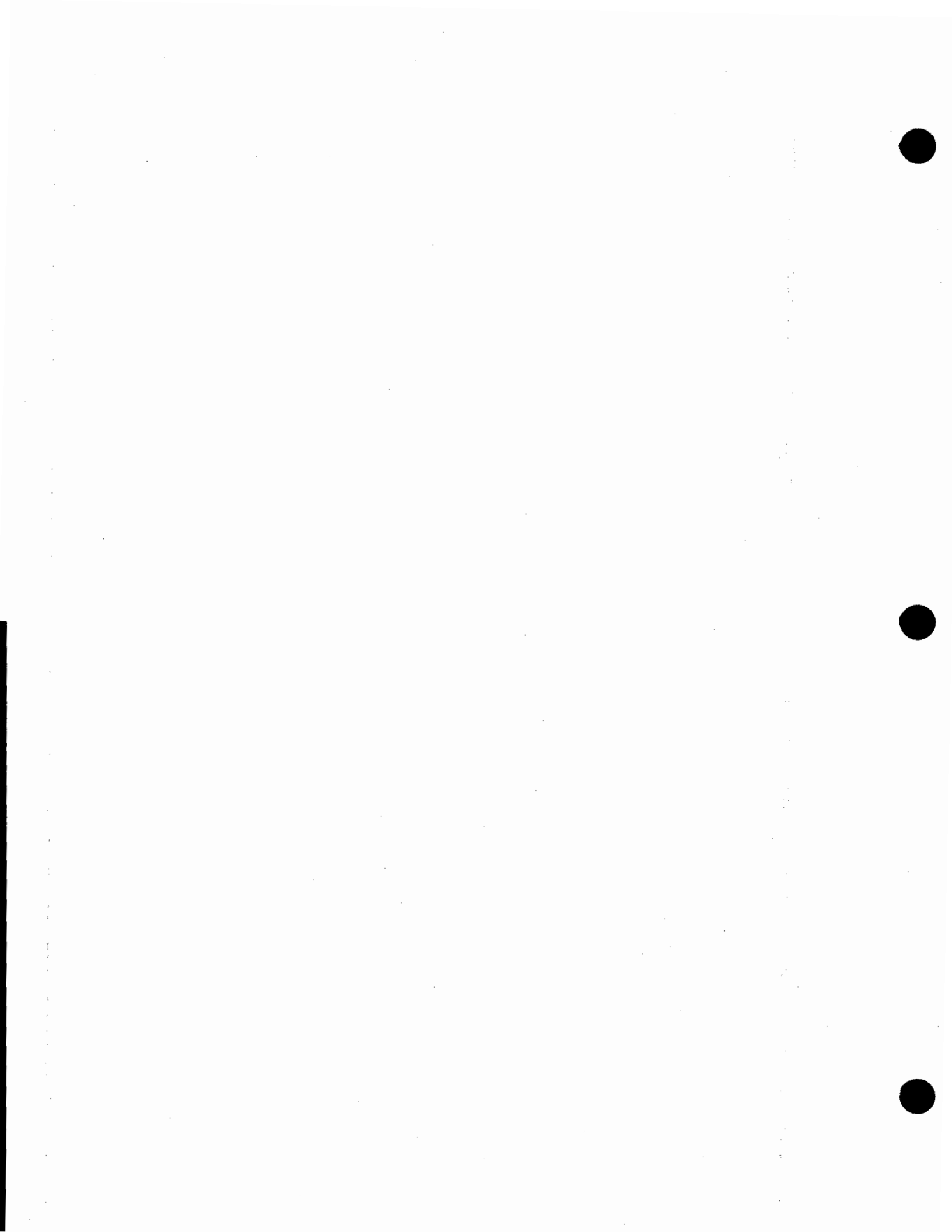
contributions to local area organizations, approximately 800,000 of that was since the previous five-year evaluation.

Over the course of their eight years of operations, employment has averaged 2,218 individuals. On July 31st of 2004, when we collected the data for this report, they employed 2,112 individuals.

On average, 8 percent of their employees were minority, 53 percent female, 39 percent of them lived in Dearborn County, and an additional 13 percent resided in the surrounding areas.

Total wages over the course of Argosy's operation amount to over \$554 million. In 2003, wages were \$87.8 million and the average wage per employee, including tips, was slightly over \$40,000.

Argosy has generated over \$215 million in local tax revenue, with the largest single source of tax



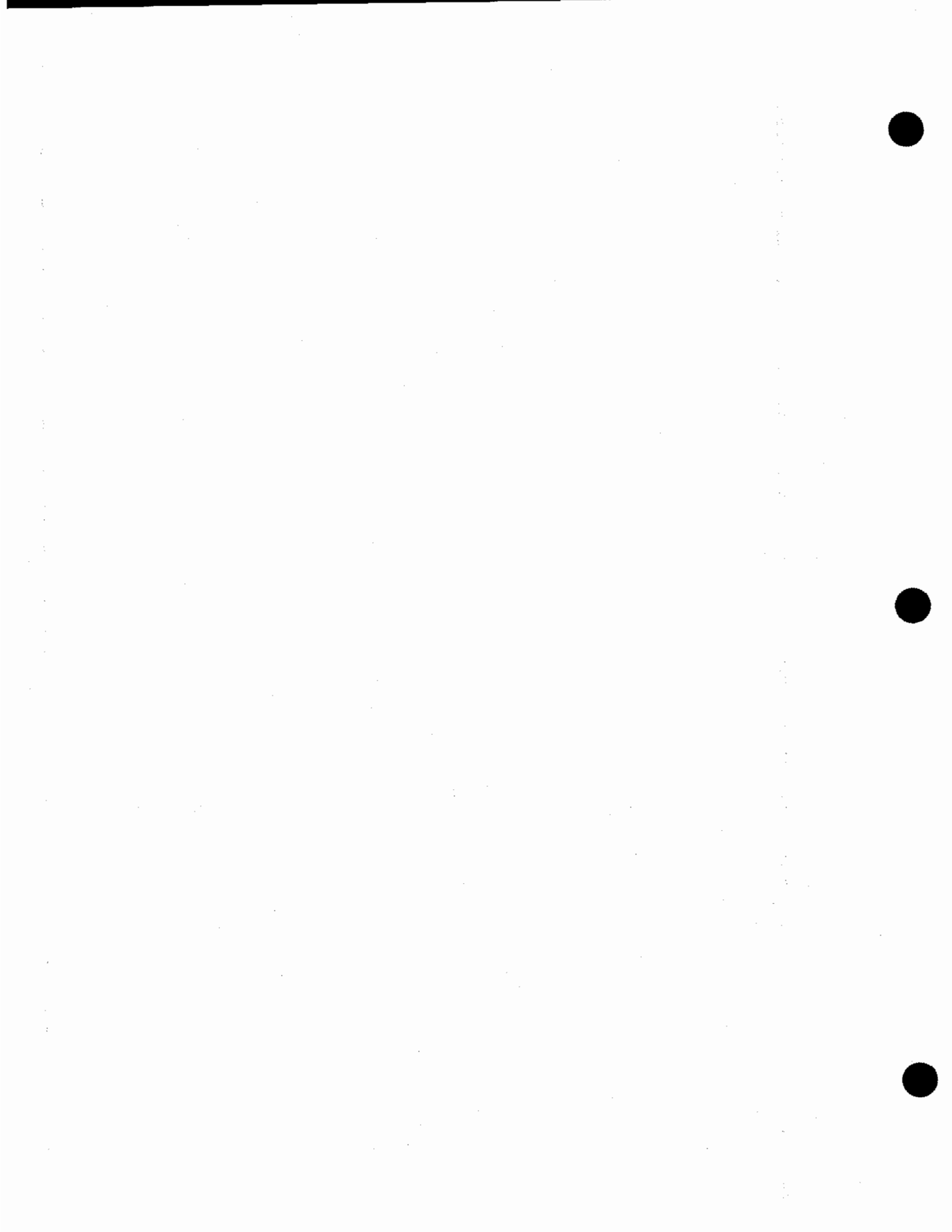
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revenue being \$112 million of gaming tax revenue. Should also be noted they generate over 10.2 -- paid over \$10.2 million in property tax since they opened.

Over \$206 million of incentive payments have been made, and I should also note that in July 2004 there was an agreement to reduce the incentive payments by crediting -- by providing credits for up to \$5 million a year for the expansion and redesign of the physical facility at Argosy.

In terms of fiscal impact, as you may recall from the five-year analysis, Argosy has always had a very profoundly positive fiscal impact on the local community, and that fiscal impact has not been affected in any traumatic way as a result of changes in boarding policy.

What I believe are one of the more important things that we look at is the economic impact of the spending by local governments and foundations



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of the gaming-related revenue generated for the local communities. Since opening, the spending of gaming-related taxes and incentives by the local community has generated over \$280 million of local economic impact in the four county area, resulting in over \$77.7 million in new wages, and has generated over 4,300 annual jobs.

In the last three years, since the last analysis, the spending of about \$136 million of local gaming taxes and incentives has generated \$149.8 million of impact, approximately \$43.7 million in wages, and slightly over 2,000 new jobs.

In addition to these immediate economic benefits, it should be important to note that the spending of these dollars, particularly on infrastructure and construction, as well as building rehab, is providing local community with much capital investment that has the potential to



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effect the long-term economic
competitiveness of the region.
We also looked at the impact of
gaming on the quality of life for
employees of the Argosy, and to do
that we surveyed the employees both
at the end of the five-year period
and as well at the end of the
eight-year period. What we found is
particularly interesting.
Thirty-eight percent of those who
work at Argosy were -- under the most
recent survey, began work in the last
three years, were unemployed prior to
beginning work at the Argosy. That's
up from 28 percent who said that they
were unemployed during the responses
to the five-year survey.
Many of those who were previously
employed worked in either the service
or retail sector, and report
receiving increased income as they
moved over to the Argosy. And,
interestingly enough, over the course
of time we've added another category



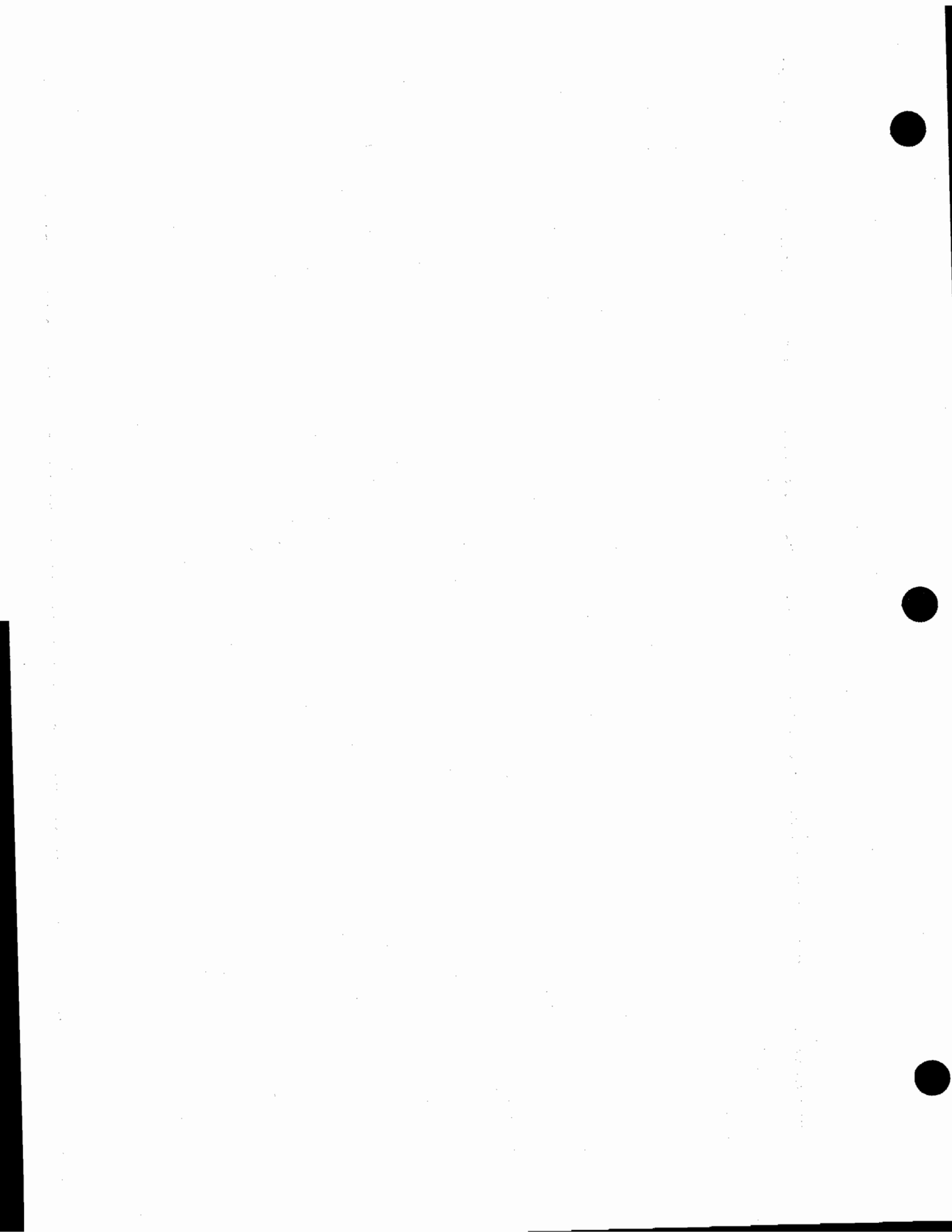
1 and we started to notice in the other
2 category, casino, other casino
3 becoming a common area of previous
4 employment, we added the other survey
5 and 20 percent of those who were
6 previously employed report that they
7 were previously employed by a
8 different casino before beginning
9 work at Argosy.

10 The principal motivation for
11 beginning work at Argosy for these
12 employees has been, and appears to
13 always be, increased income.

14 Secondary reasons for selecting work
15 at Argosy are higher and better
16 career advancement opportunities and
17 improved benefits relative to their
18 previous job.

19 The average length of employment for
20 those who responded to our survey was
21 four years and six months. The
22 median number of years worked was
23 four.

24 About 28 percent of those who
25 responded worked 2 years or less, and



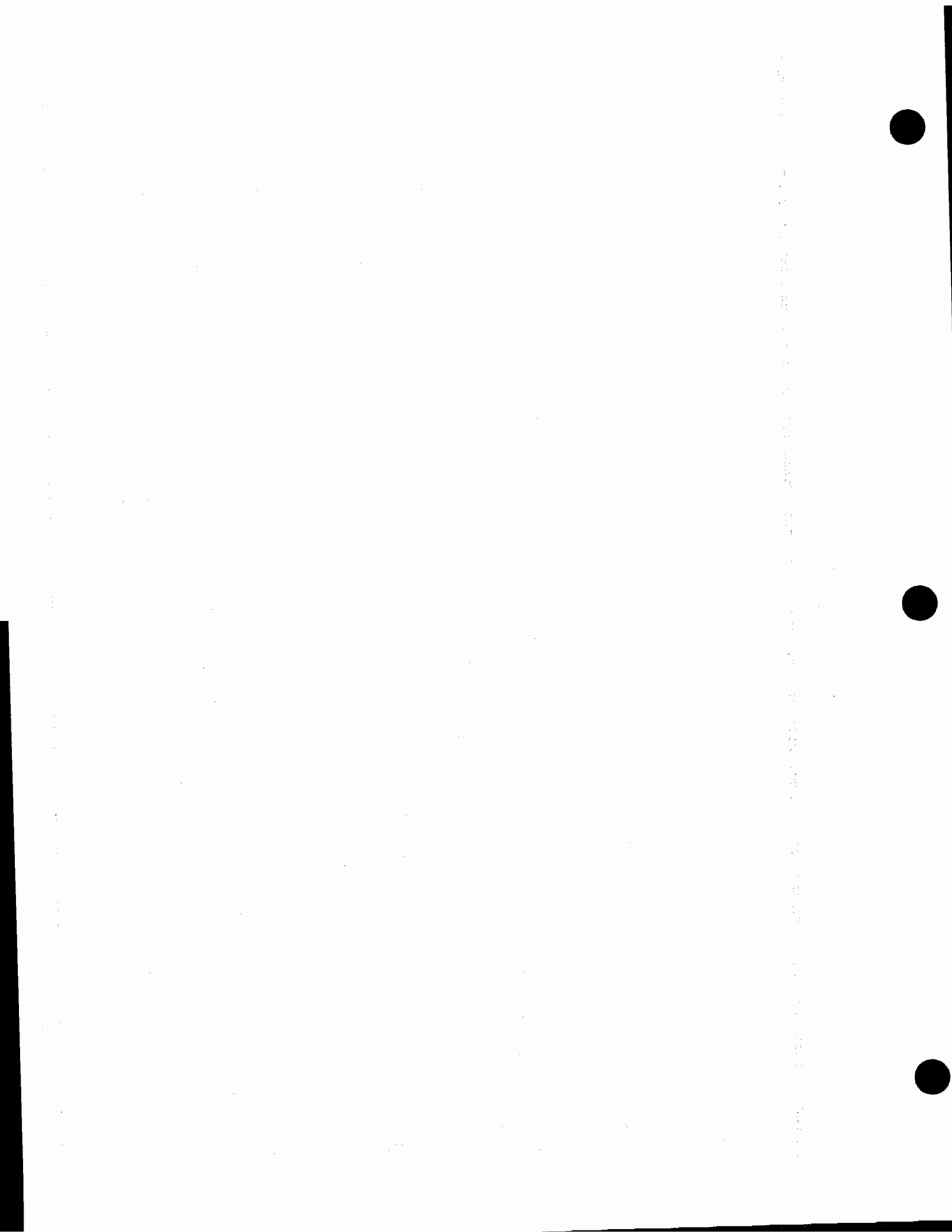
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over 39 percent have worked 7 years or more at Argosy Casino, virtually all of them work full-time, which we define as 35 hours a week or more. Only 11 percent reported that they work less than 35 hours. I believe some of the managers, they worked over 50.

Average annual income of those responding to the survey was \$33,983, which is slightly lower than the overall average for Argosy employees of \$40,500.

Mr. Chairman, this is your favorite part. Approximately 100 -- not approximately, exactly 105 employees who responded to the survey reported buying their first home since they began work at Argosy, 110 reported they moved from one house to another, over 174 employees have made major investments in their homes, and 390 purchased a car, van, or other vehicle.

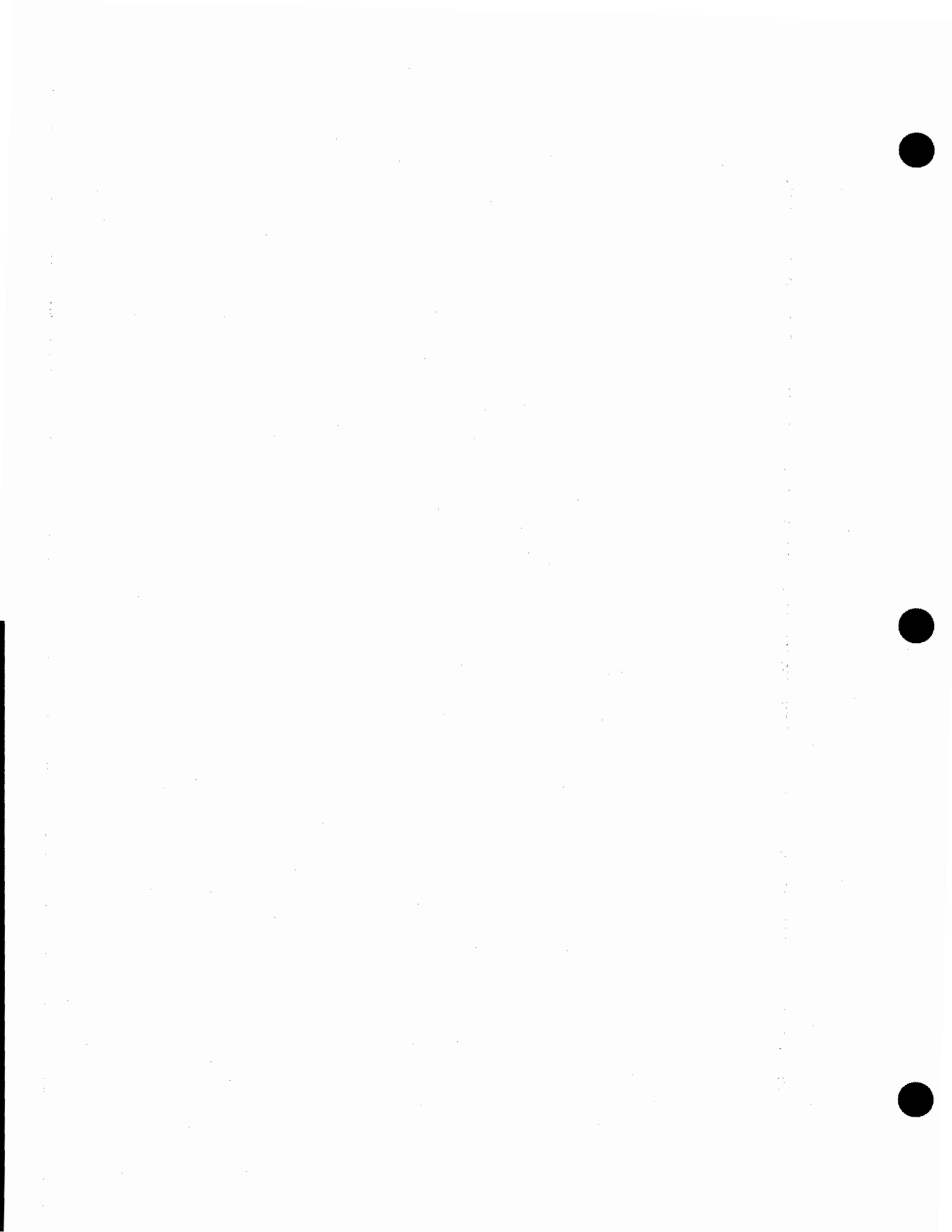
In terms of training, which is one



1 area we looked at for career
2 advancement opportunities, about 70
3 percent of all Argosy employees
4 report that they received training
5 specifically related to their jobs at
6 Argosy. Only 12 percent report -- of
7 those responding to the survey
8 reported receiving tuition benefits
9 or other training opportunities
10 outside the job specific, and another
11 12 percent reported that they spent
12 their own cash for additional
13 training.

14 MR. LAWRENCE: Mr. Klacik, those opportunities are
15 available to them, is that correct,
16 they just don't use them?

17 MR. KLACIK: Basically response to the survey, it
18 is unclear -- It is clear that
19 opportunities are made available,
20 there's not a question there. We've
21 not been able to figure out a way to
22 word a question to totally determine
23 why we found the percentages of those
24 receiving tuition reimbursements are
25 so low.



1 The one thing I do know, though, that
2 we added to this survey is, with each
3 year you work at the casino, the
4 percentage of employees who report
5 receiving tuition benefits increases,
6 so --

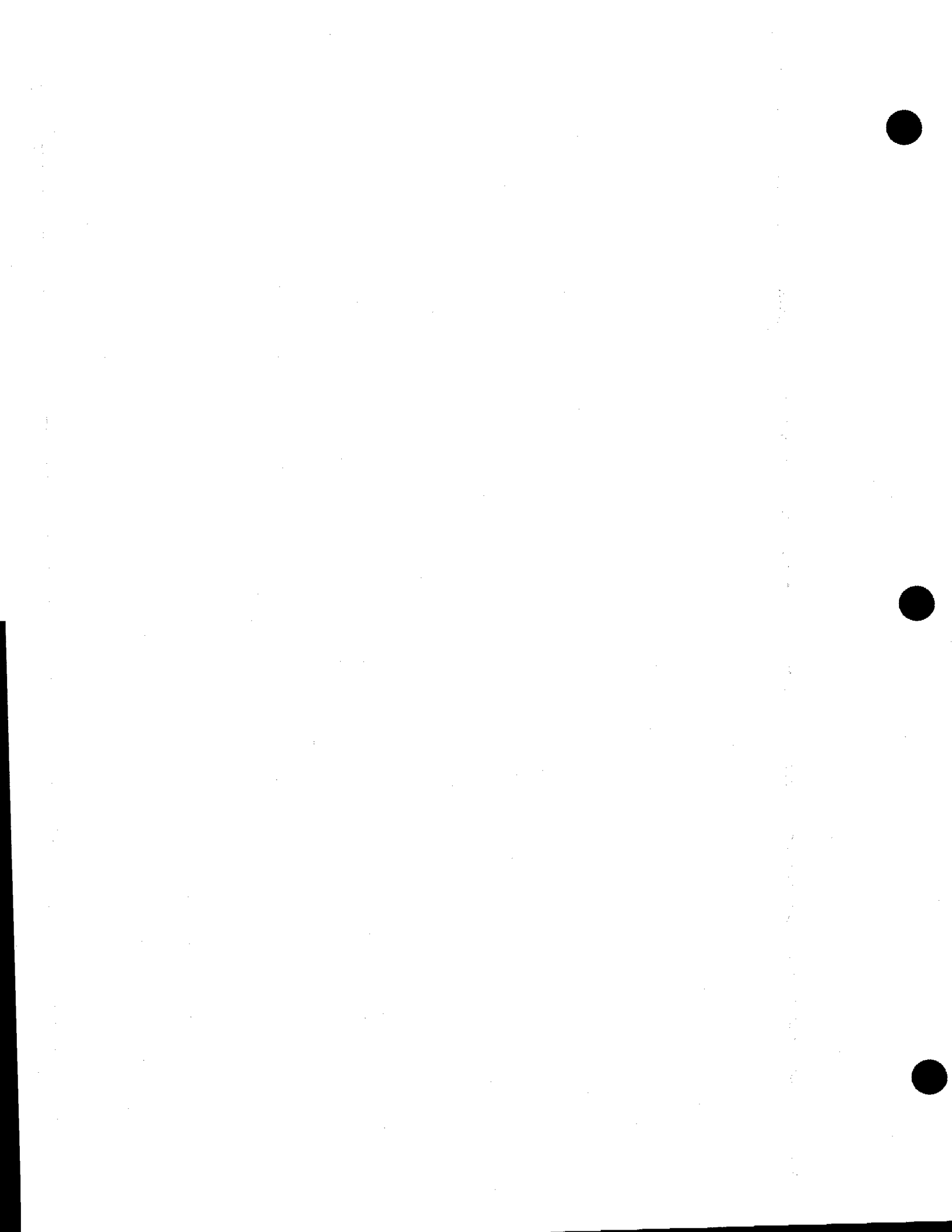
7 MR. LAWRENCE: But they are available to them?

8 MR. KLACIK: Correct. I'm sure the Argosy folk
9 can explain that in greater detail
10 than I can.

11 Again, the other point I wanted to
12 make was the likelihood of receiving
13 training of all types increases with
14 the number of years that you work at
15 the casino. That's pretty consistent
16 across all casinos.

17 Now we're on to the new information
18 that we've added since the five-year
19 survey. That looks at changes in the
20 local economy, and one of the
21 particularly interesting things is
22 that since opening -- prior to
23 opening the unemployment rate in
24 Dearborn County was significantly
25 higher, I believe 2 percent higher,

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than the unemployment rate for the entire state of Indiana. Since opening, the unemployment rate in Dearborn County has moved much closer to the state of Indiana's overall unemployment rate, very closely resembles it, and in 2001 and 2003 the unemployment rate in Dearborn County was actually lower than the unemployment rate for the state of Indiana.

We also looked at growth of jobs, establishments, and wages. And in terms of jobs and establishments, the number of jobs -- well, the rate of job growth and the rate of establishment growth in Dearborn County was higher than the rate of job and establishment growth in all nongaming riverboat counties in Indiana.

The wages in Dearborn County grew approximately the same rate as all nonriverboat counties in central Indiana. So more jobs are being



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created but at approximately the same increasing wages as the rest -- as the nongaming counties in Indiana. We attended -- We held three focus groups, one with public community leaders, another with business leaders, and a third with social service providers.

There were some general themes that emerged across these meetings, and I'd like to present them to you.

The first is that virtually everyone agrees that Argosy has been a good corporate citizen and partner in the community; that the increased -- second is that increased revenues in the region have done much good for economic development and quality of life in the area; and that many stressed that education has particularly benefited in terms of additional computers, newer books, more scholarships being made available, and even improvements to extracurricular activities like bands



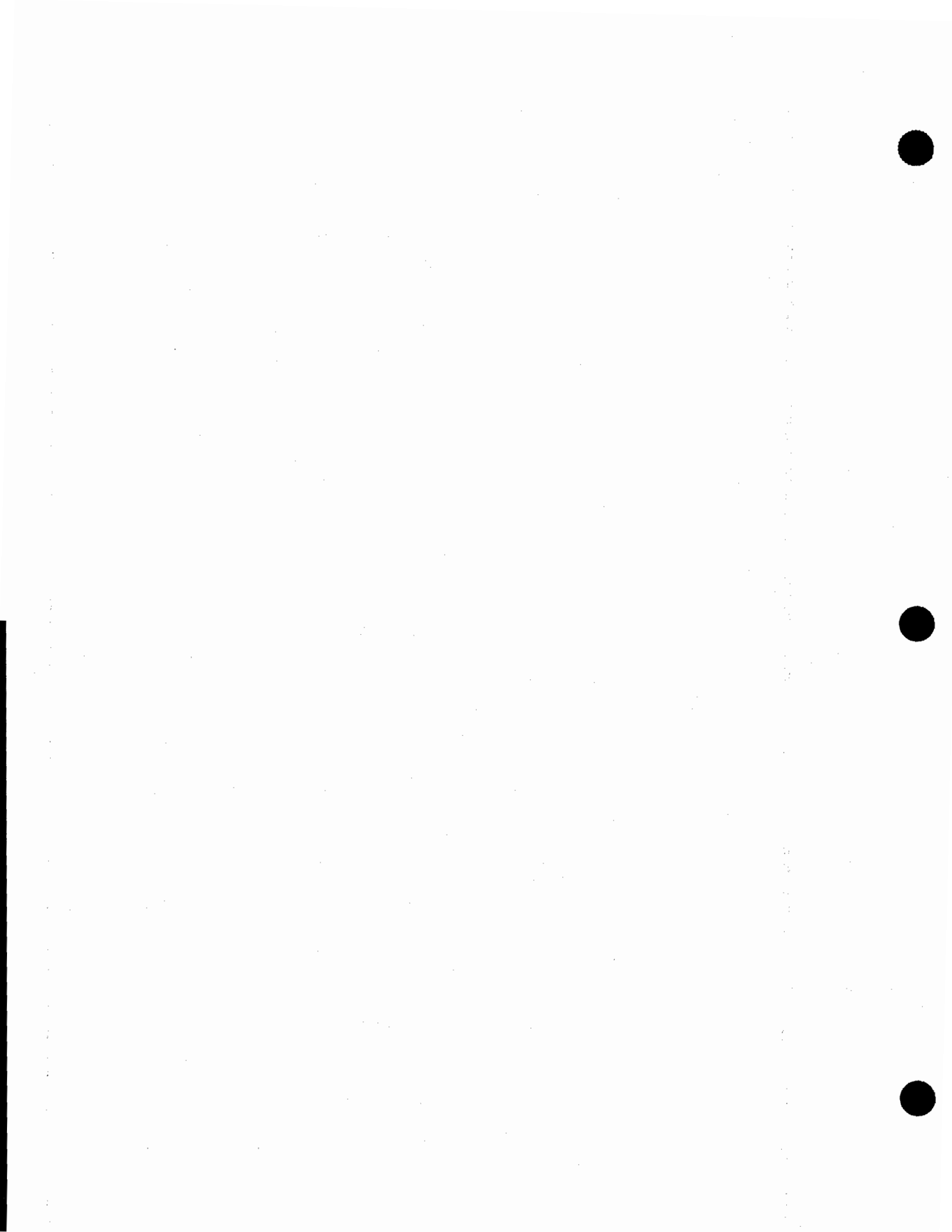
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and sporting events.

Another observation was that the property values seem to be growing more rapidly these days in Dearborn County, and there's an increased awareness of the social issues and a particular increase in awareness of the resources available to deal with social issues.

That said, there were also some negative comments made, yet all participants agreed that for the most part the positives well outweigh the negatives.

But the most common negative comments were concern about displacement of poor individuals from housing opportunities, increase in crime, and new massage parlors being located in the area, as well as a slightly increased load in the local courts. The last thing we looked at was the current fiscal position and the future plans, and our person who did the analysis states that Argosy is

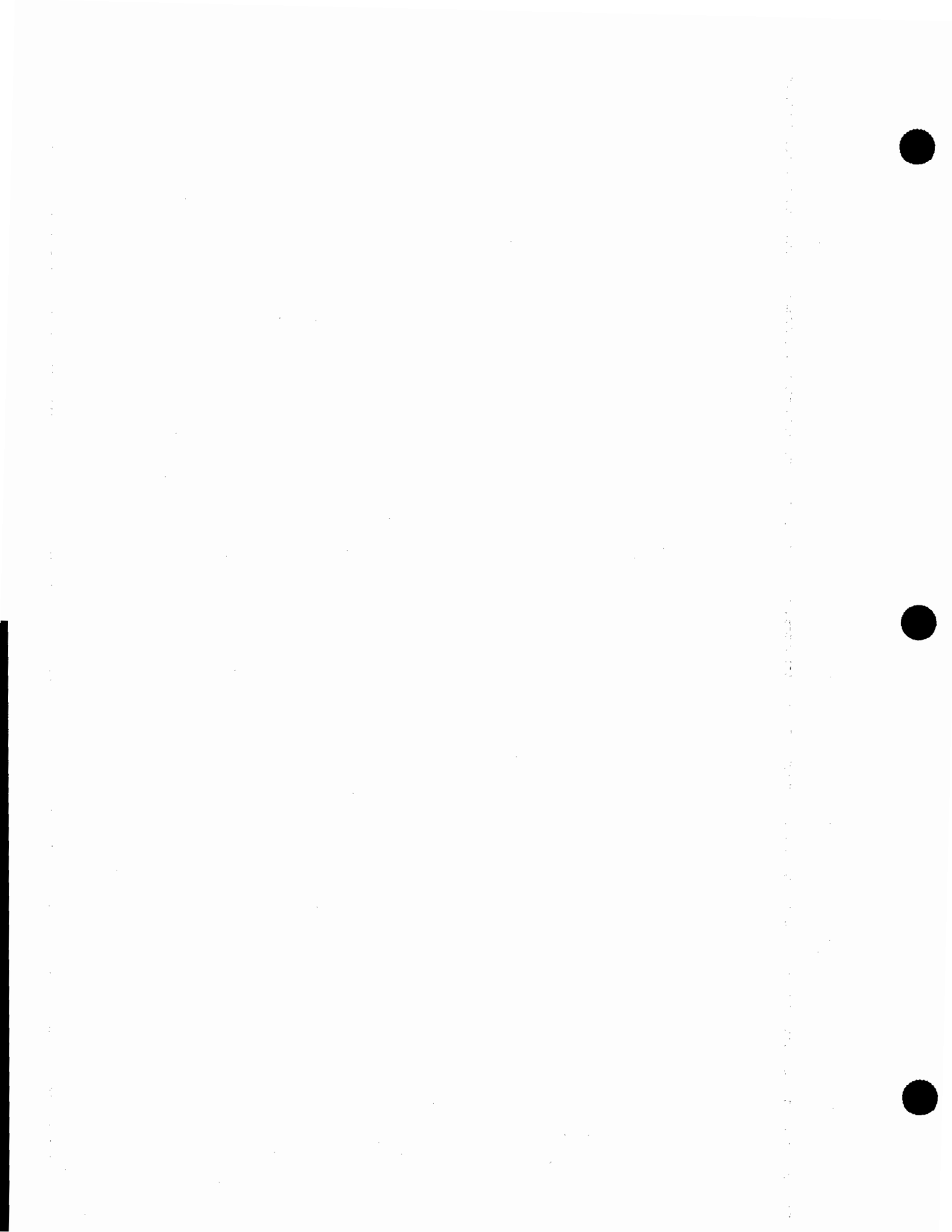


1 one of the most productive gaming
2 facilities in Indiana, appears to be
3 fiscally sound, generates a higher
4 rate of return for investors than
5 most other casinos, and has no
6 long-term debt obligations associated
7 directly with the Lawrenceburg
8 facility, and is financially stable.
9 Thank you for taking the time to
10 listen to me.

11 CHAIRMAN VOWELS: Thank you, Mr. Klacik.

12 One of the things that I note in
13 here -- And I had come into contact
14 socially, in one of the mutual
15 conferences, with the Dearborn
16 Superior Court Judge, and he and I
17 talked about this.
18 And from what you have in your
19 report, and in particular on page 27
20 under the other issues, it talks
21 about a 100 percent increase in the
22 Superior Court's caseload since 1995.
23 It makes mention of the increase in
24 arrests for public intoxication, DUI,
25 minor thefts, traffic accidents, et

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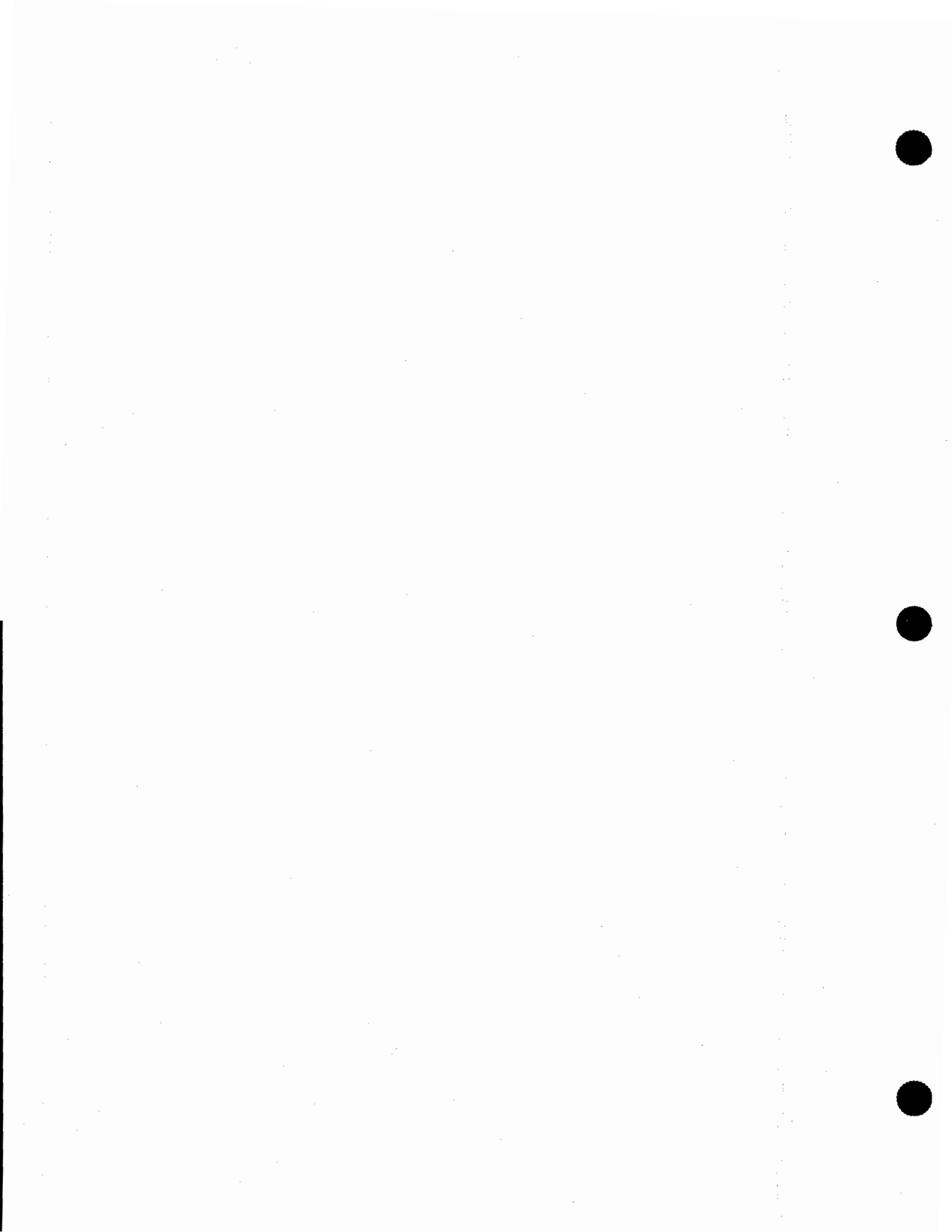


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cetera.
This seems to be different than what we've seen around the state as far as this much negative impact on the courts in the county where a casino is in place. Am I imagining things?

MR. KLACIK: I guess I'd make two points. The first is that these were focus groups and we were listening to what other individuals told us; and the second is that you're not imagining things, that we heard some of those comments slightly more strongly here than we did in other communities.
My third and cautionary note would be that in the larger, more urbanized areas, you likely notice some changes become less profound relative to the oversize of the community than they may in others.

CHAIRMAN VOWELS: Because I remember back when we were going through the hearings, and I assumed this was true because it always stuck in my mind, that within a hundred mile radius of Lawrenceburg



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are 8.3 million people taking into consideration Indianapolis, Louisville, and Columbus and et cetera, and Cincinnati.

I know in Evansville that there hadn't been any noticeable increase in the crime as it relates to the casino there.

And having talked to this judge, and it was at a judicial conference with other judges, he mentioned to me that this did have a strong impact on it. And he, from what I recall, has been a judge for about 14 or 15 years, so that would take him back well before the casino was here.

So the point of that is I'm addressing what he was telling me because it wasn't that he's been a judge for five years and it's getting tougher.

It says according to Dearborn Superior Court, a hundred percent increase in caseload. There's a methadone clinic that's been located



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now in Dearborn County, but it also talks about an increase in national gangs moving into Dearborn County. In reference to the national gangs, how is it that that information came to you, was it through the court or verified independently?

MR. KLACIK: It was another senior staff person that was actually the facilitator of those meetings, so I wasn't actually there. It was presented by one of the participants.

The other thing I think I should make clear is that there is always a challenge in differentiating overall social changes with social changes directly attributable to gaming. There tends to be no good data nationally about that.

The reason we've held these facilitative meetings is to get a qualitative impression of what's happening in the community, a local resident, business leader, not for profit leader's impression of what's

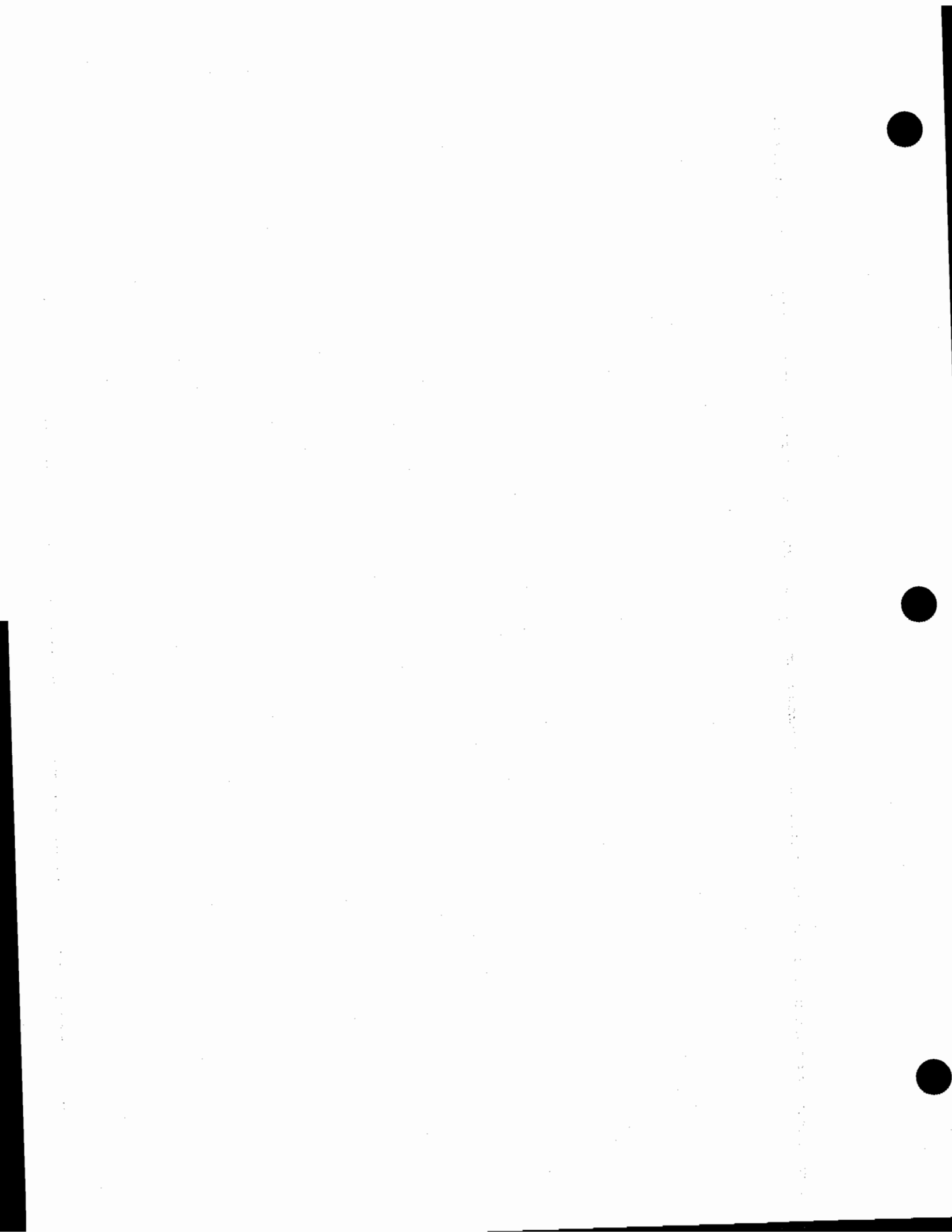


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happening in the community.

CHAIRMAN VOWELS: Okay. It would seem to be, and that's why I look at this, because that was always the fear of gambling coming into an area, was it was going to increase crime. And I know, as I said, in Evansville, that hasn't been the case and we haven't seen it in Lake County. Of course Gary was the murder capital of the world at one point in time, so I don't know where they could have gone but up from there.

So this strikes me, and having talked to that judge a couple months ago, when he mentioned that to me I was surprised because I hadn't seen that. And they've added two police officers in these years, although their caseload is doubled, that's what it says, they've added two police officers since the boat opened. I guess, I mean, that's the city's concern, if that's all they think that they need.

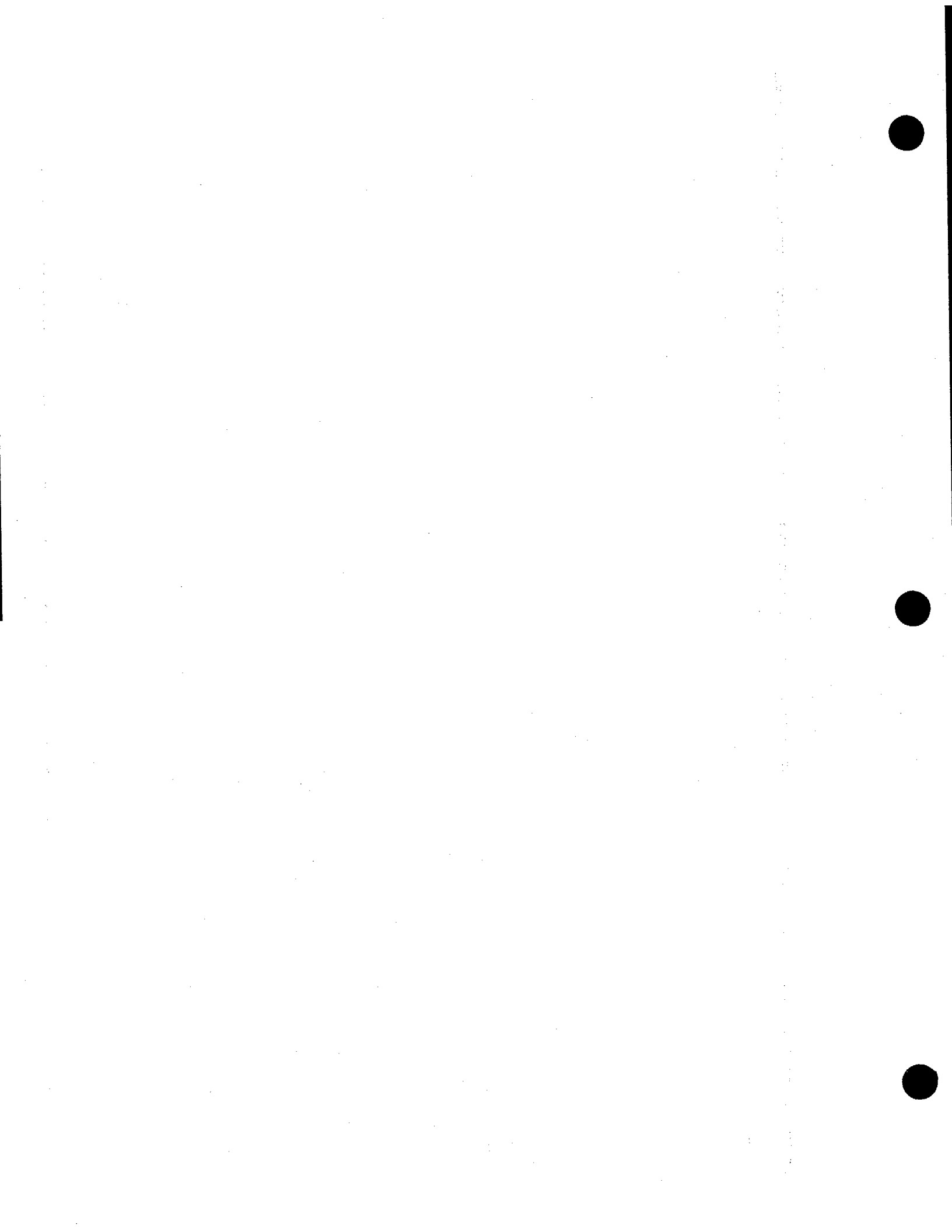


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MR. KLACIK: I guess I should probably say two things. Everything you say is directly on track. We spent a lot of time talking about this one issue. I would recollect that the overall nature, based on both my conversations with the other senior staff person, in fact, the overall nature was that the positives outweigh the negatives, but I think you will see in the second analysis as well that there is, as I would suspect as time increases, a slight increase in the perception that some social issues do exist.

CHAIRMAN VOWELS: Okay.

MR. BARLOW: Being from Madison, I practice some up in Dearborn County, and I think -- I know their courts are really overburdened both civilly and criminally. They're exploring the possibility of creating a third court up here. They now have a circuit court and a superior court. And I think part of that is

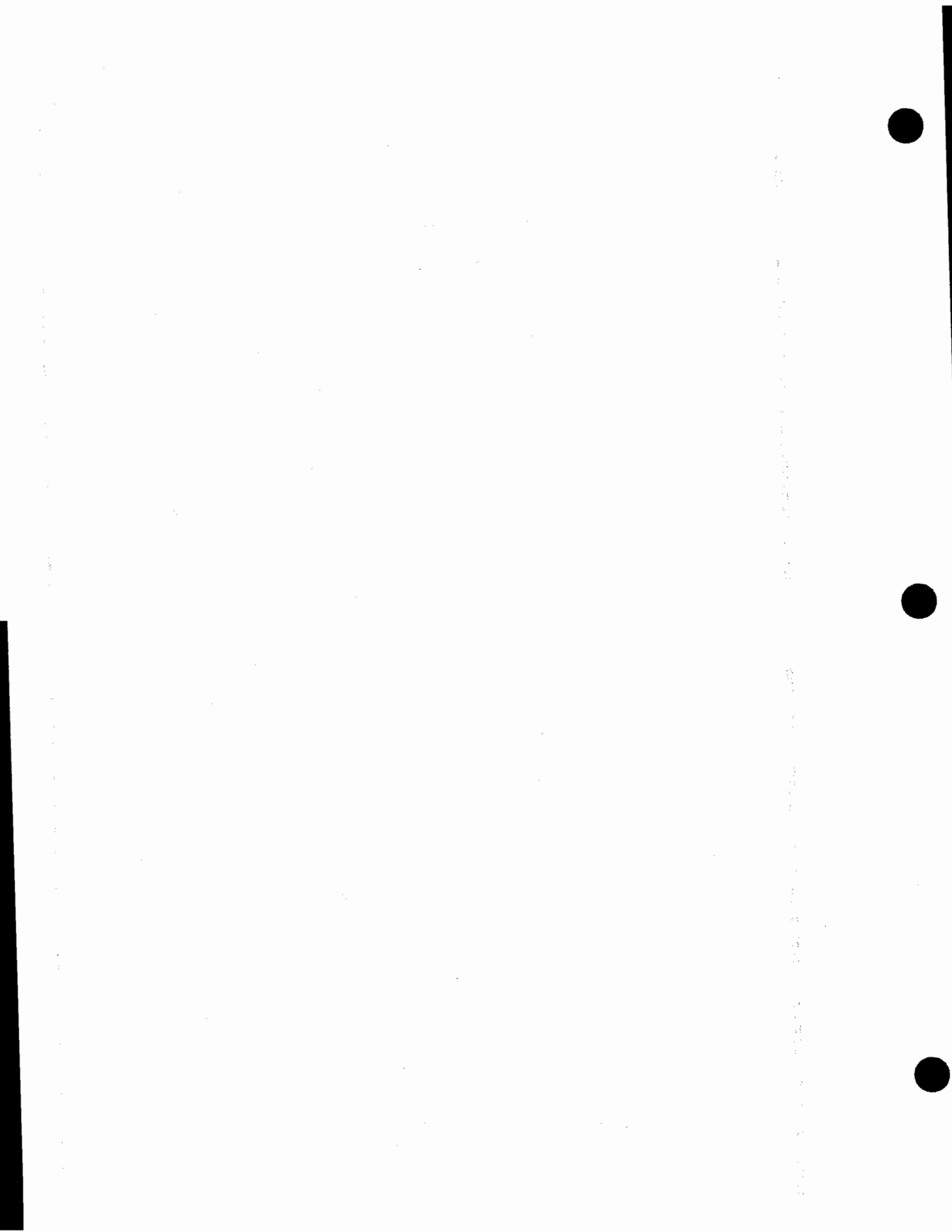


1 attributable to the fact that
2 Lawrenceburg has really become, and
3 all of Dearborn County, has really
4 become a bedroom community for
5 Cincinnati. They've had a tremendous
6 influx increased population in the
7 last 10 or 15 years that would also
8 attribute to the increase in the
9 court's caseload.

10 CHAIRMAN VOWELS: That makes sense. I mean, I
11 didn't know what their population
12 increase would be.

13 It's just that this struck me because
14 that's the thing that we've heard
15 time and time again about how these
16 things are going to increase all of
17 this bad stuff, and I hadn't seen it
18 anywhere until now.

19 MR. KLACIK: What I could offer, Mr. Chairman, and
20 of course at your decision, is that
21 we'd be happy, if the commission
22 wants to further pursue this, to
23 reconvene the individuals that were
24 in any of these focus groups to give
25 the commission the opportunity to



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have interaction with them.

CHAIRMAN VOWELS: We'll take it a step at a time and see. And Commissioner Barlow's comments of actually being in Dearborn courts is helpful, and also the increase of the population which would have to do with that.

Okay. Are there any questions for Mr. Klacik?

All right. Thank you once again, see you again in a little while.

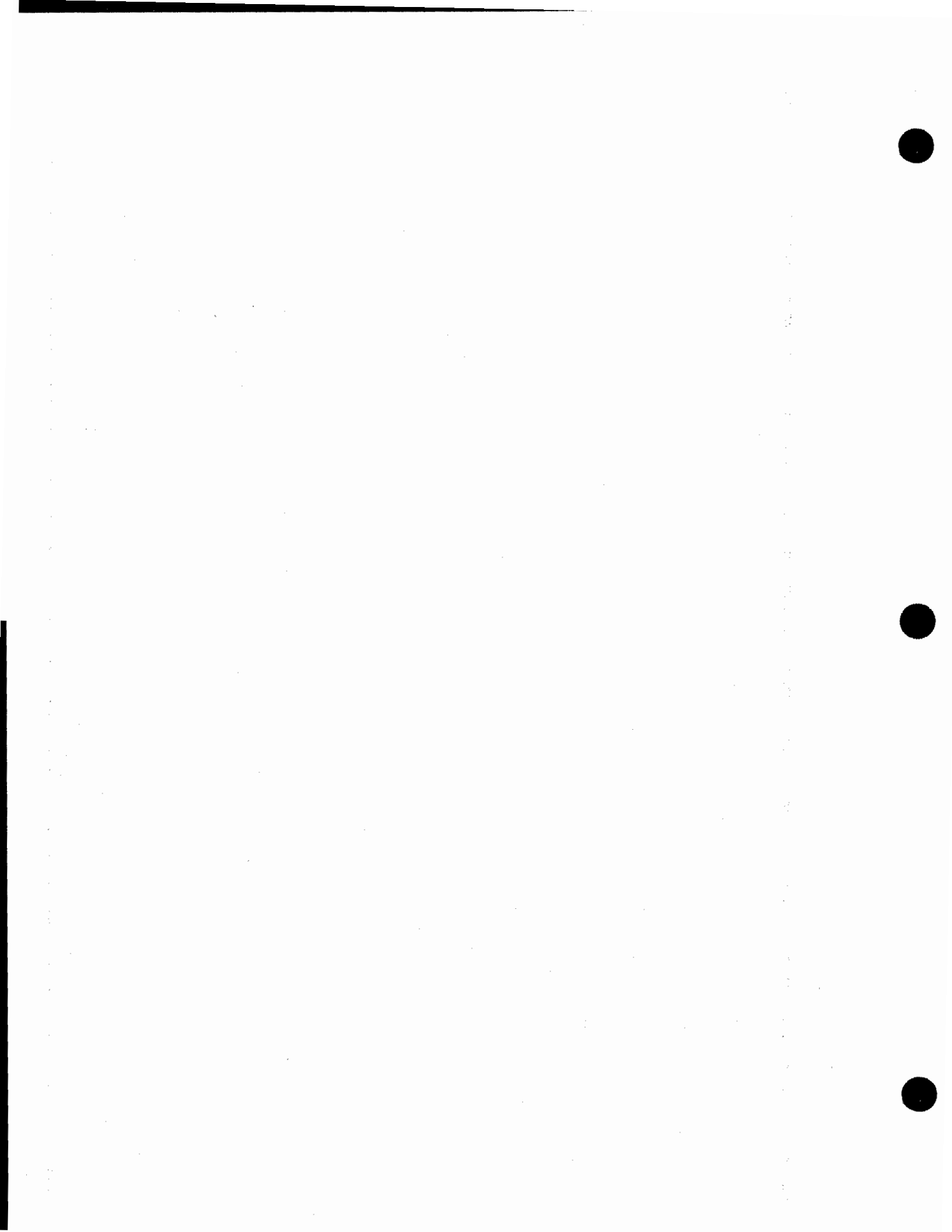
So I believe, then, we move into the actual presentation from Argosy, and Mr. Kinser, Larry Kinser, general manager at Argosy, is the person on your agenda.

Good something, it's good morning at home and good afternoon here.

MR. KINSER: I see Mr. Lawrence has stepped out.

CHAIRMAN VOWELS: He's done a lot of that today. He's working really hard here at the end.

MR. KINSER: I'll come back to that. Mr. Chairman, commissioners, executive director, gaming commission



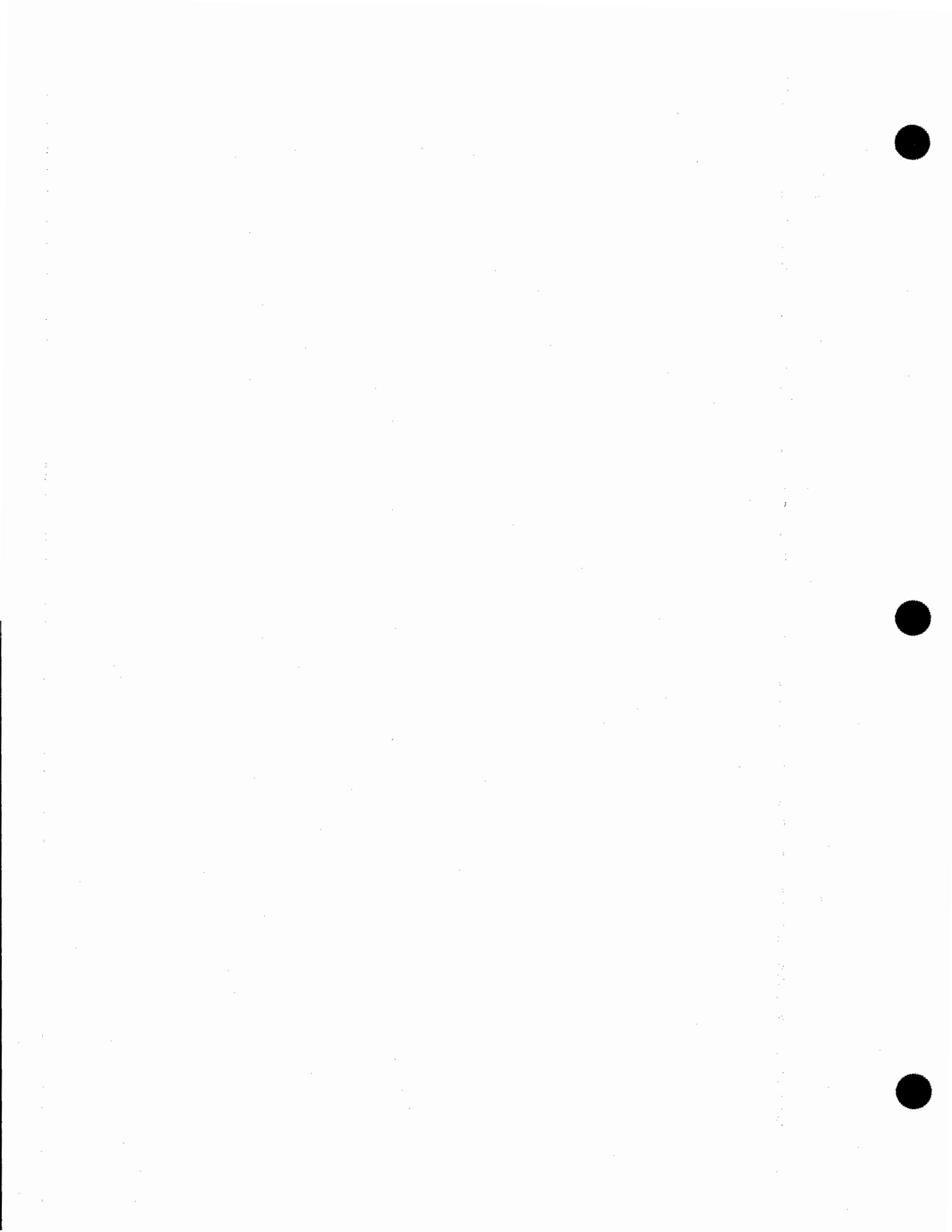
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staff, my name is Larry Kinser, I'm the vice president and general manager of Argosy Lawrenceburg. I welcome you all to southeast Indiana, and I hope for the privilege -- thank you for the privilege of appearing before you today.

Mr. Chairman, the glasses are also an indication that we're getting older. Bifocals don't focus where they're supposed to.

I'll take this opportunity to introduce my senior staff, senior management team from Argosy Lawrenceburg and some senior management staff from our Argosy corporate office, Argosy Gaming Company.

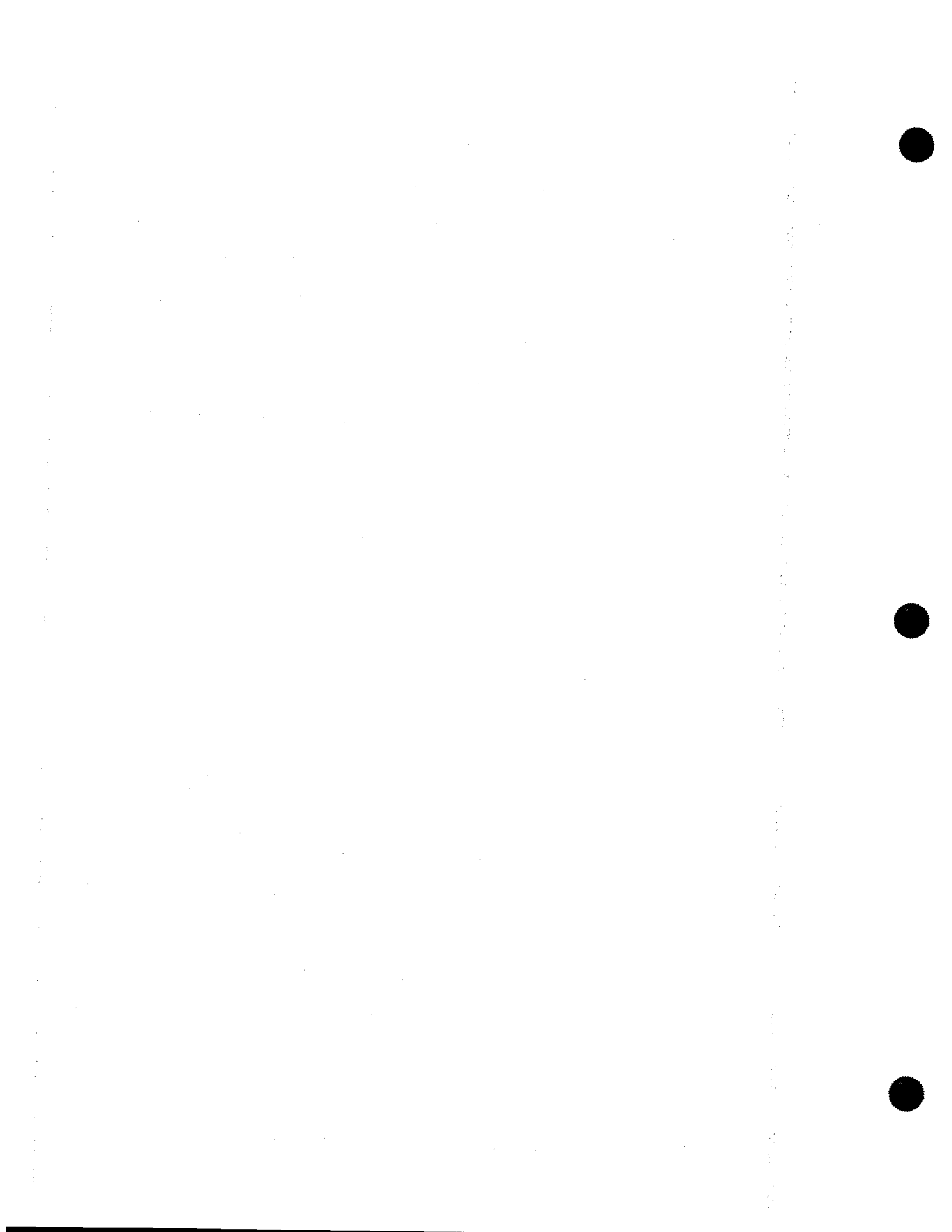
Here today from Argosy Lawrenceburg are, on my right, Bill Hood, the director of table; Mary Shick, director of marketing and sales; Wally Stecznik, director of electronic games; Ralph Brown, director of finance; and Bill Harvey,



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our director of facilities
operations.
Also with us from Argosy corporate is
senior management Arnold Block, vice
president of regional operations;
Virginia McDowell, senior vice
president of operations; and Richard
J. Glasier, president and CEO of
Argosy Gaming Company.
When Argosy Casino began operations
in 1996, the authorization of
riverboat casino gambling held
potential to be the largest economic
development package in the history of
Indiana.
Those of us who experienced the
development of casino operations in
our community know that that
potential has been realized. There
is no doubt that riverboat gaming is
the greatest economic development
opportunity for the residents of
Dearborn County we've had in decades,
if not ever.

For eight years now, the people of



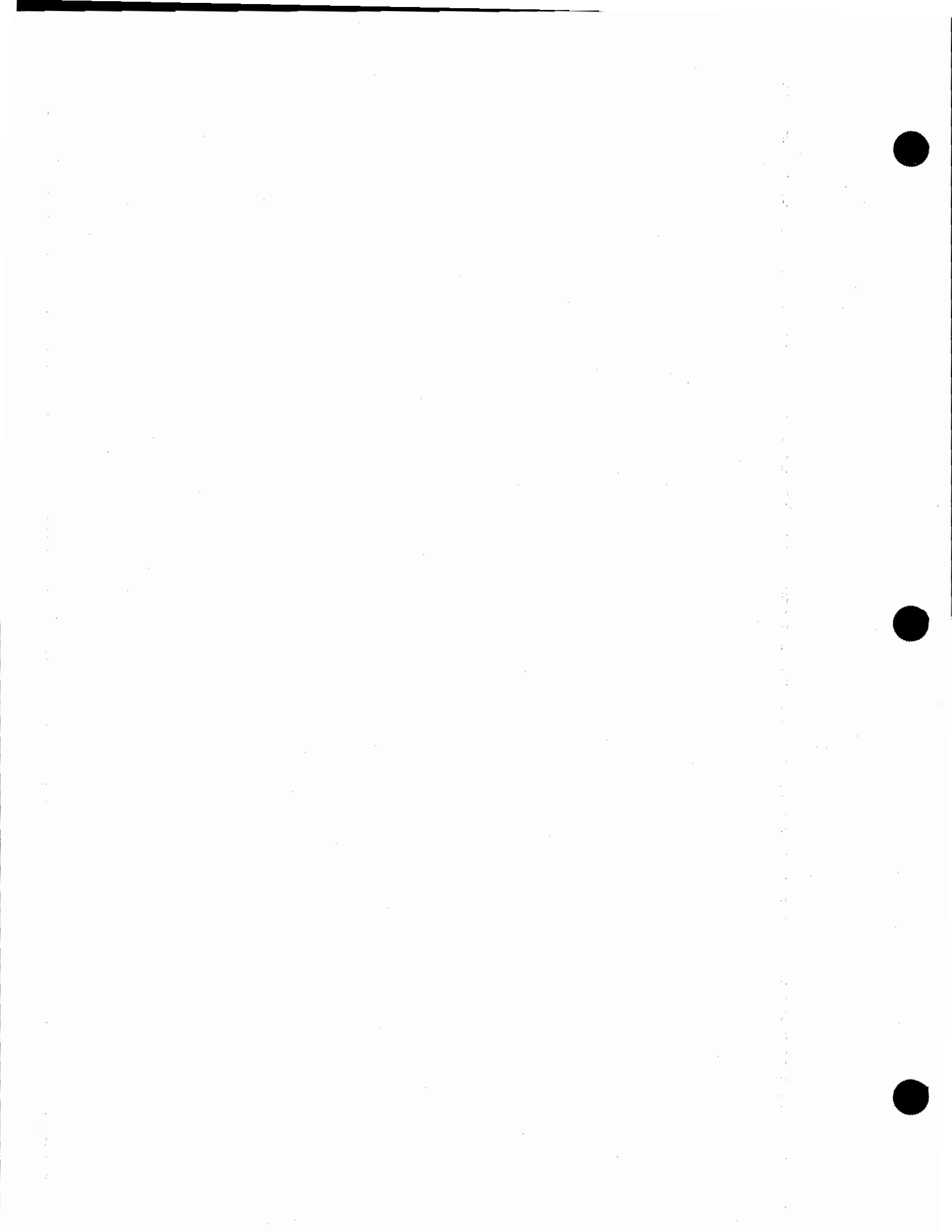
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Lawrenceburg and Dearborn County have watched as Argosy Casino and Hotel has emerged as a magnet for tourism, jobs, and progress. And they've seen Argosy's incredible economic impact on a scale far beyond what even the most optimistic observers had predicted at the time.

Argosy opened in December of 1996 on a leased riverboat at a temporary dock. Now our facility includes a 200,000 square foot pavilion, 300 room hotel, and of course a 4,000 person riverboat casino. It is permanently dockside and open around the clock, seven days a week.

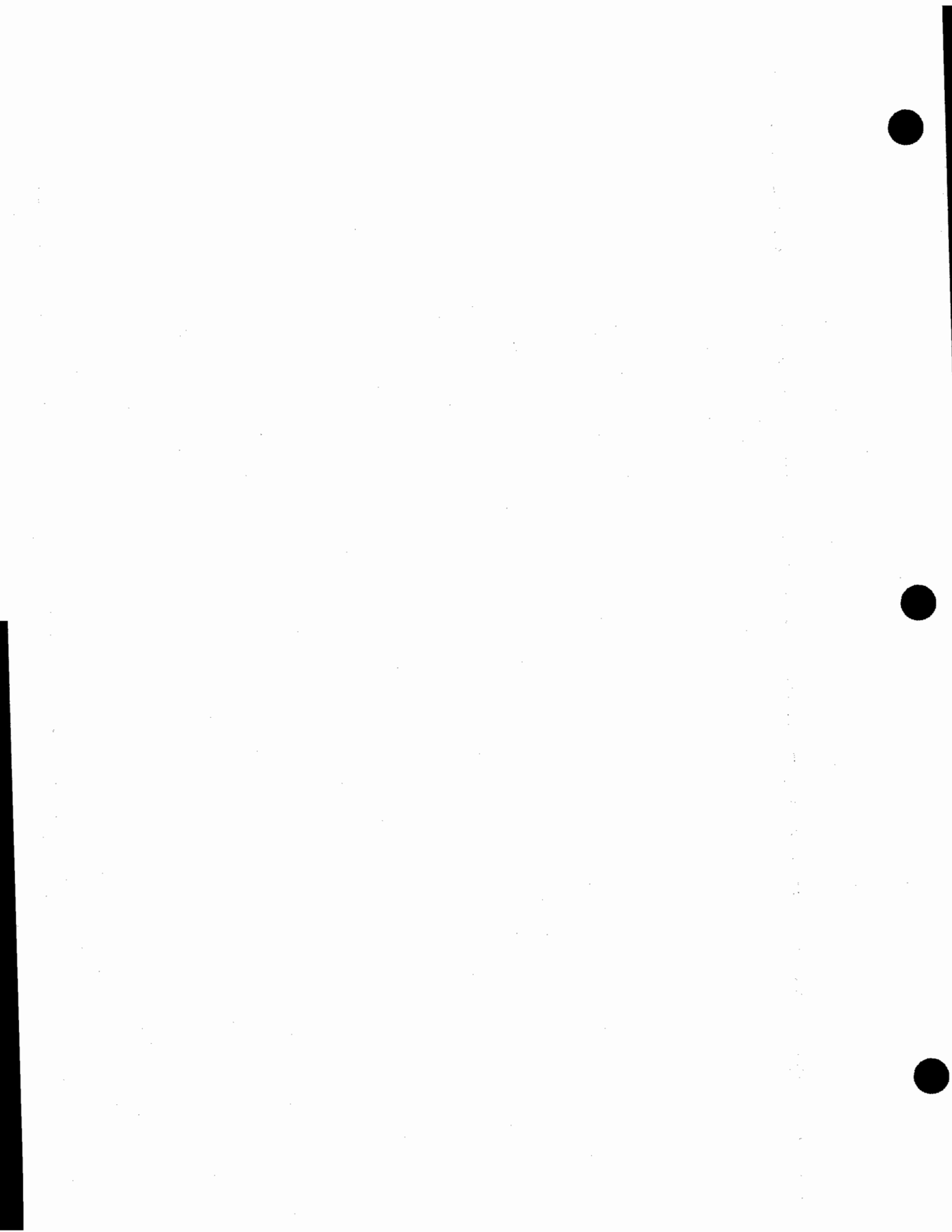
Argosy quickly became southeast Indiana's leading employer. With nearly 2100 jobs, Argosy's own promise of jobs has more than doubled, and of course there's the tax dollars generated.

Simply stated, the figure speaks for itself, more than \$900 million in gaming taxes and local fees for state



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and local governments.
Argosy is also the region's top
tourist attraction, with annual
turnstiles attendance exceeding 3.7
million people.
Argosy continues to receive
statewide, regional, and national
attention for our leadership role in
the casino and tourism industry.
The success has provided dramatic
progress for Lawrenceburg and the
communities across Dearborn County
and southeastern Indiana.
The millions of dollars Argosy has
generated in gaming taxes, property
taxes, and other taxes has had a
tremendous positive impact on each
level of government.
The positive economic impacts,
however, go far beyond building up
municipal coffers. More than half of
Argosy's employees live in Dearborn
County or in southeast Indiana. The
purchasing power and multiplying
effect of Argosy's nearly 2100 jobs,

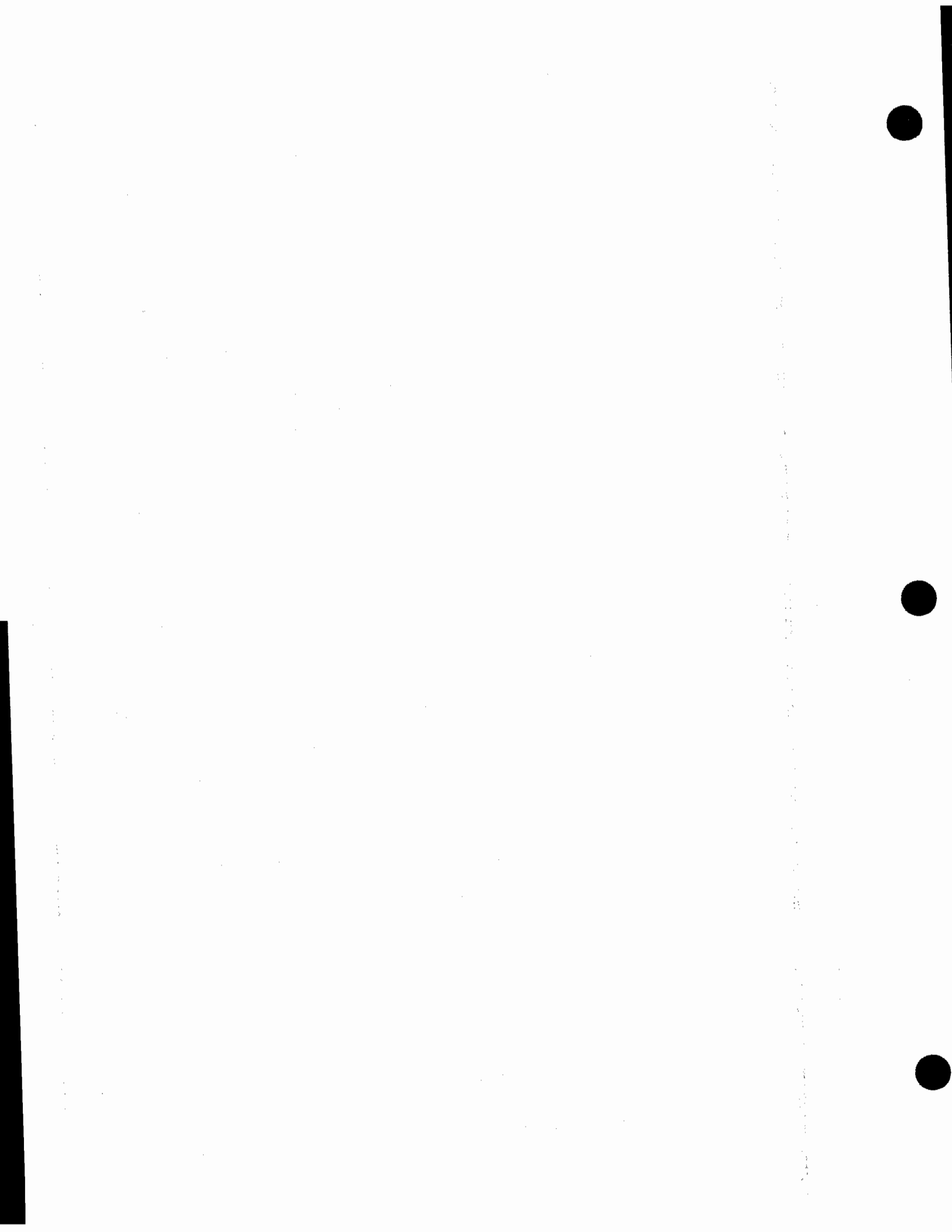


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purchasing goods and services from hundreds of Tri-State vendors, and attracting millions of visitors has provided the region with numerous economic benefits and opportunities. Quality of life in Dearborn County has improved too. Parks and recreation, school foundations, libraries, senior centers, police, fire, and ambulance services have all benefited.

This year county officials established special funds for growth, development, and infrastructure needs. The cities of Lawrenceburg, Aurora, and Greendale have more revenue to complete needed projects that previously they could not afford without a large tax increase for their residents. Small towns like Dillsboro and Moores Hill are now able to complete parks and infrastructure work.

It's a source of great pride to us at Argosy that our success has had such

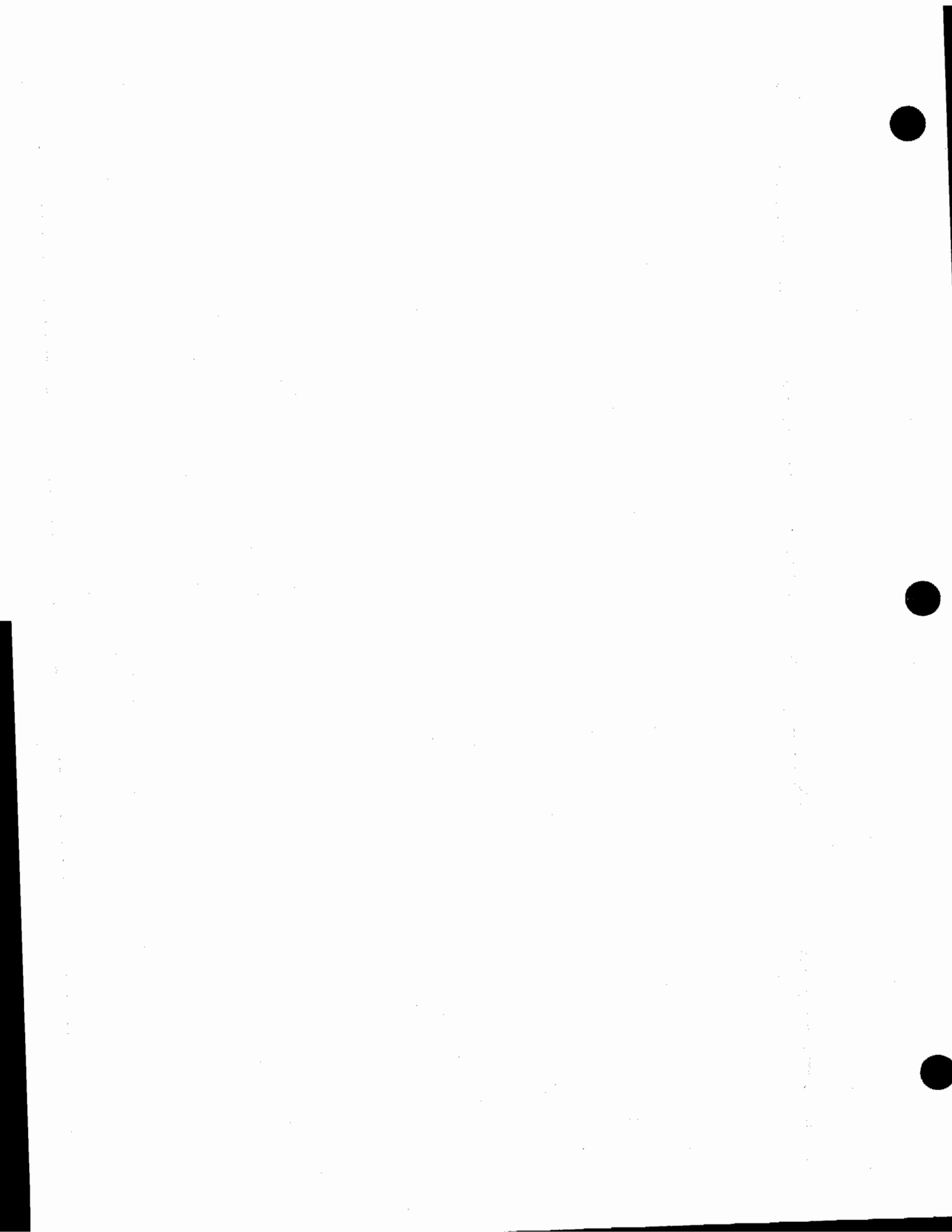


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incredible impact at Lawrenceburg and on Dearborn County. It is especially rewarding to us that the city and county continue their revenue sharing agreements that spread the casino tax revenue across the county in a way that improves the quality of life for every resident.

At Argosy we feel these things are possible because we have met or exceeded the promises that we have made in being a partner for progress in Dearborn County.

Since the fifth-year license renewal, Argosy has completed nearly \$16 million worth of facility development, including a recent land purchase positioning Argosy for future development. To date, Argosy has spent more than \$250 million for facility development, which exceeds the original projection by more than \$84 million. Argosy's total capital investment is in excess of \$520 million.

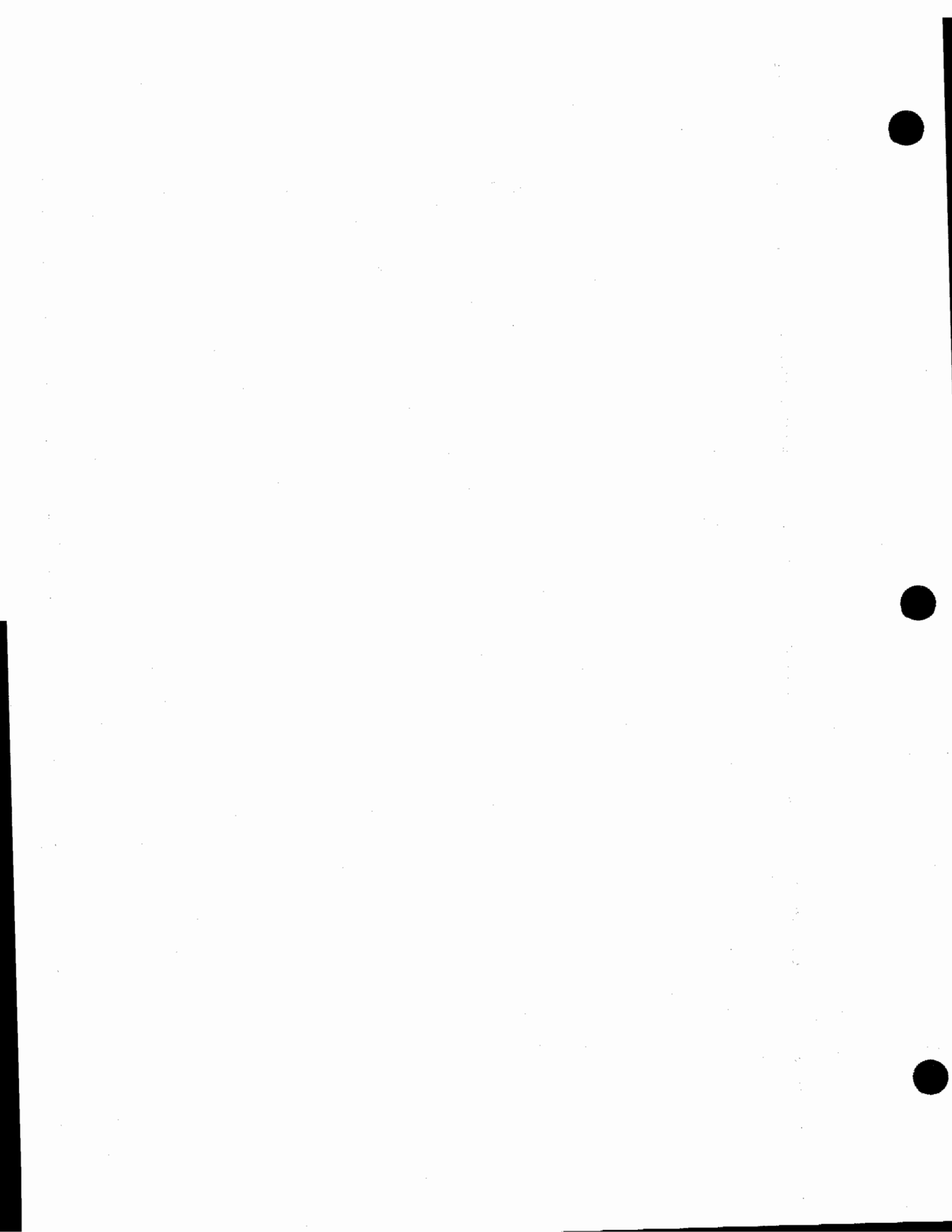


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Argosy also pledged millions of dollars in development agreement payments to the city of Lawrenceburg. All the payments are on schedule. Fixed incentives totaling \$32 million have been paid. The fixed incentives paid to the city were restricted infrastructure improvements ranging from an \$11 million expansion of a regional waterways treatment plant and a \$7 million improvement to US Highway 50 to more than \$1 million for fire and emergency vehicles and \$1.1 million for a much needed water storage tank.

In June 2004, Argosy and the city of Lawrenceburg entered into an agreement that provides economic incentive for Argosy Gaming Company to consider an expansion of the casino complex. The action is the first step for Argosy in moving towards additional capital investment with the Lawrenceburg property.

The full scope of that project is



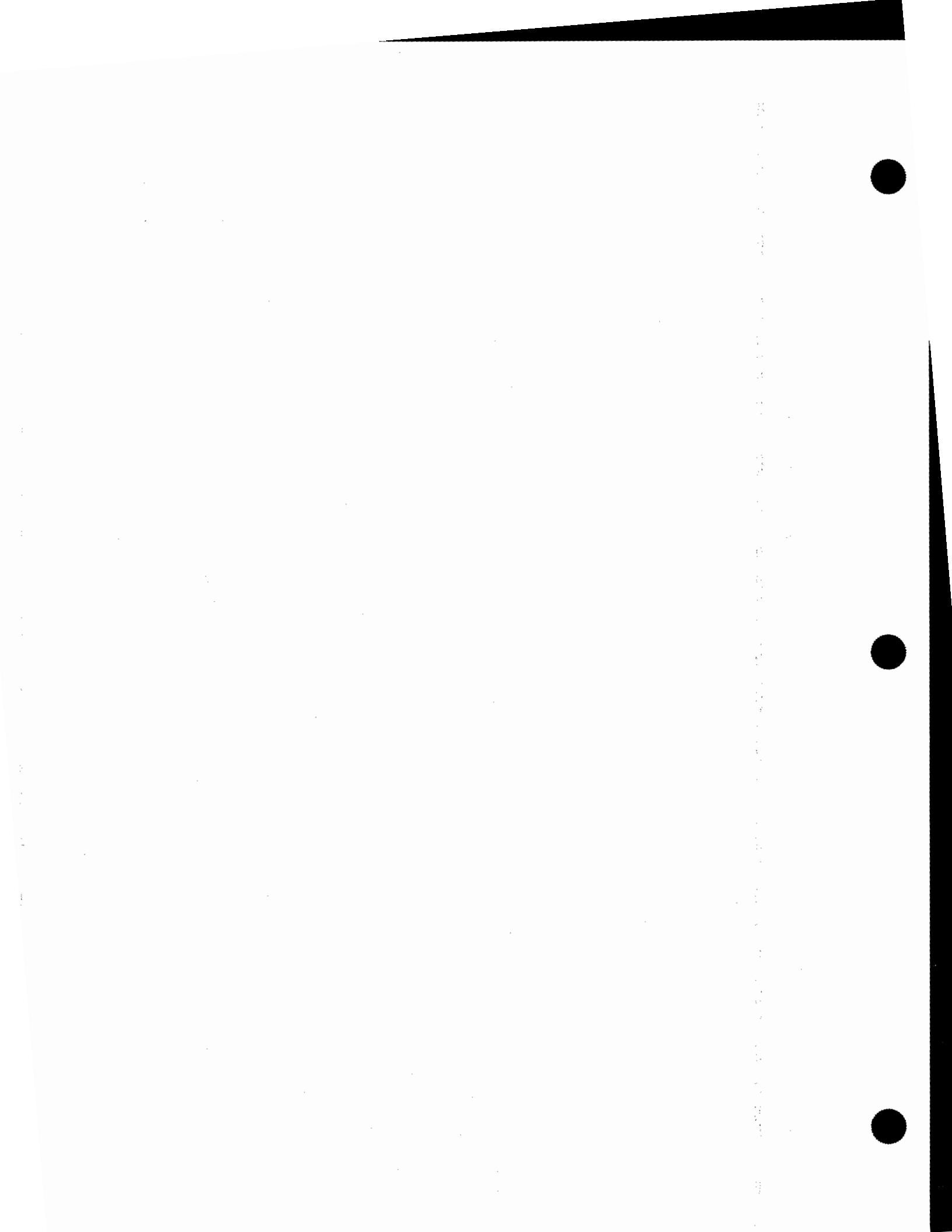
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still under consideration, and we hope to be announcing something on that in the near future.

The only ongoing incentive payment to the city is the contingent incentive, or annual fee, which in 2003 totaled \$36.5 million. Argosy has paid a total of more than \$184 million in annual fee payments over the last seven years. The 2004 annual fee payment is due in January of 2005. Through October of 2004, Argosy generated \$135 million in admission tax and \$610 million in wagering tax for a total of \$745 million.

Argosy's gaming taxes, added to the \$216 million in the development agreement payment, equal a total of over \$960 million in revenue generated for state and for local governments.

To learn more specifics about how Argosy-generated tax revenue has impacted our community, we ask that you please take a look at the

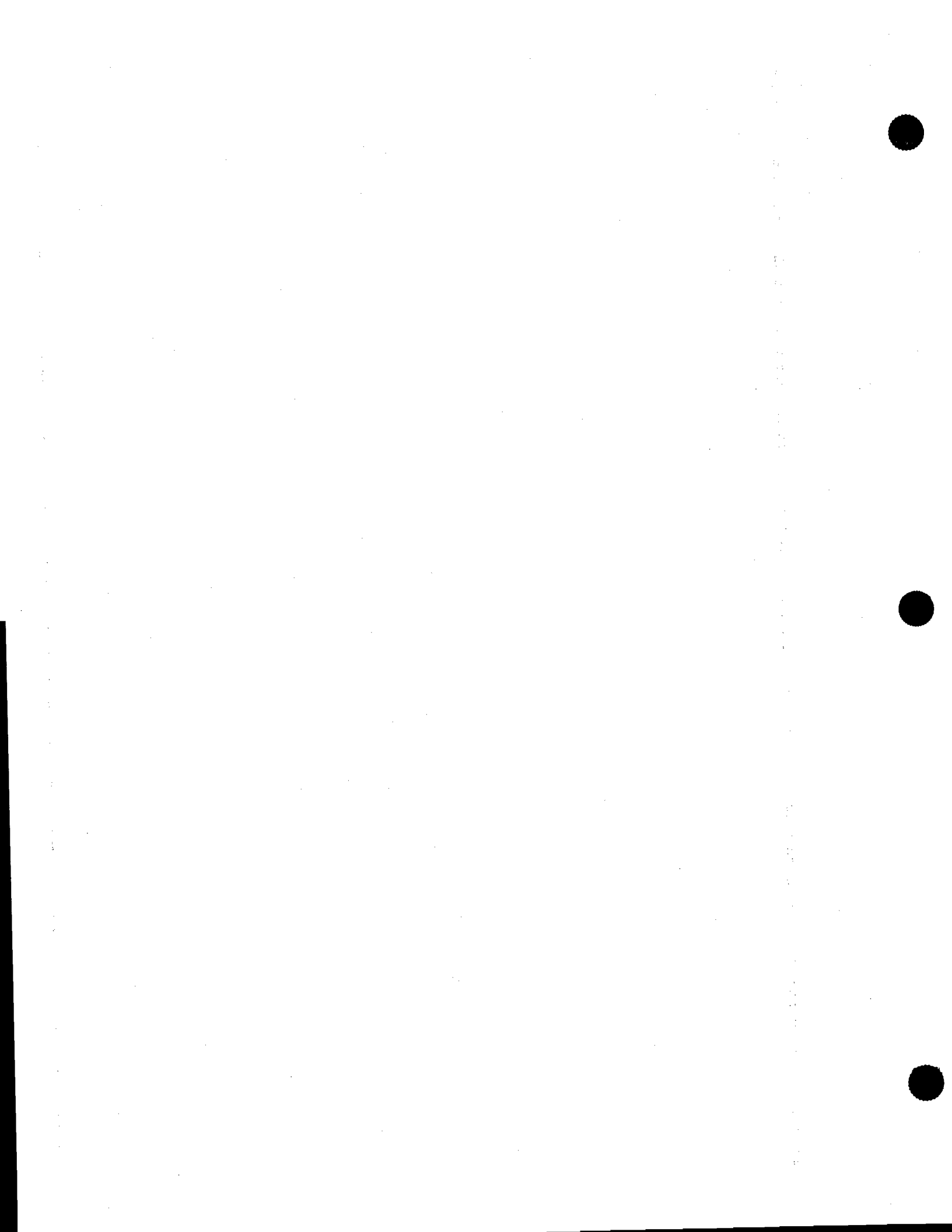


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document that's been provided to you today, our annual report to the community.

Argosy's casino and hotel adjusted gaming revenue has grown steadily since the fifth-year renewal. Each year the gross gaming revenue has surpassed the figures projected by Argosy in that fifth-year application.

In 2002, the first year of dockside, Argosy exceeded its projected gross revenues by more than \$11 million. During the first year of 24-hour operation in 2003, Argosy's gross gaming revenue surpassed its projection by \$32 million. And through October of 2004, Argosy is on page to surpass the projected gross gaming revenue of \$395.7 million. Argosy originally promised state and local leaders a potential of 900 jobs, with annual wages, tips, and benefits of \$41.4 million. Argosy now has nearly 2100 employees who

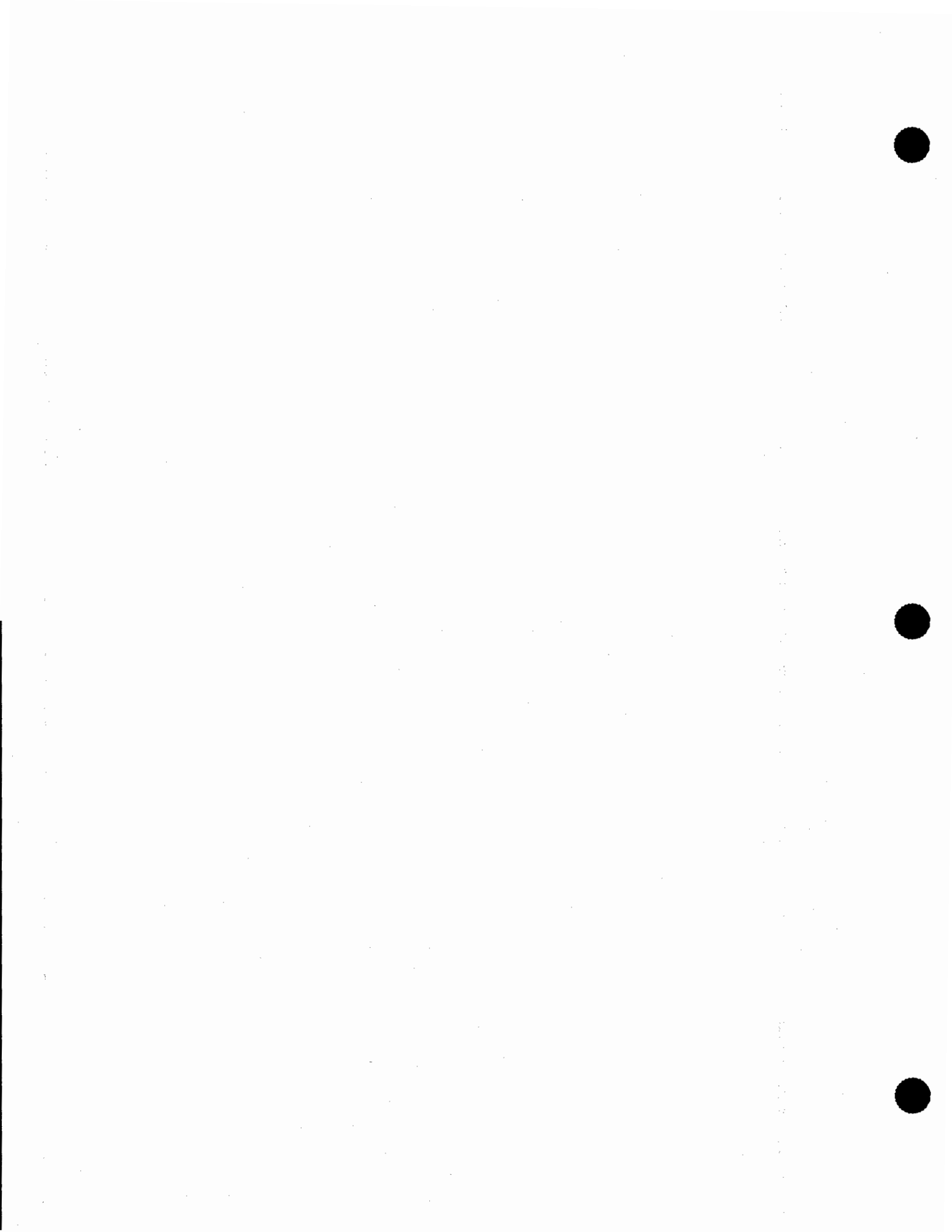


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annually earn over \$87 million in wages, tips, and benefits. It's an annual number.

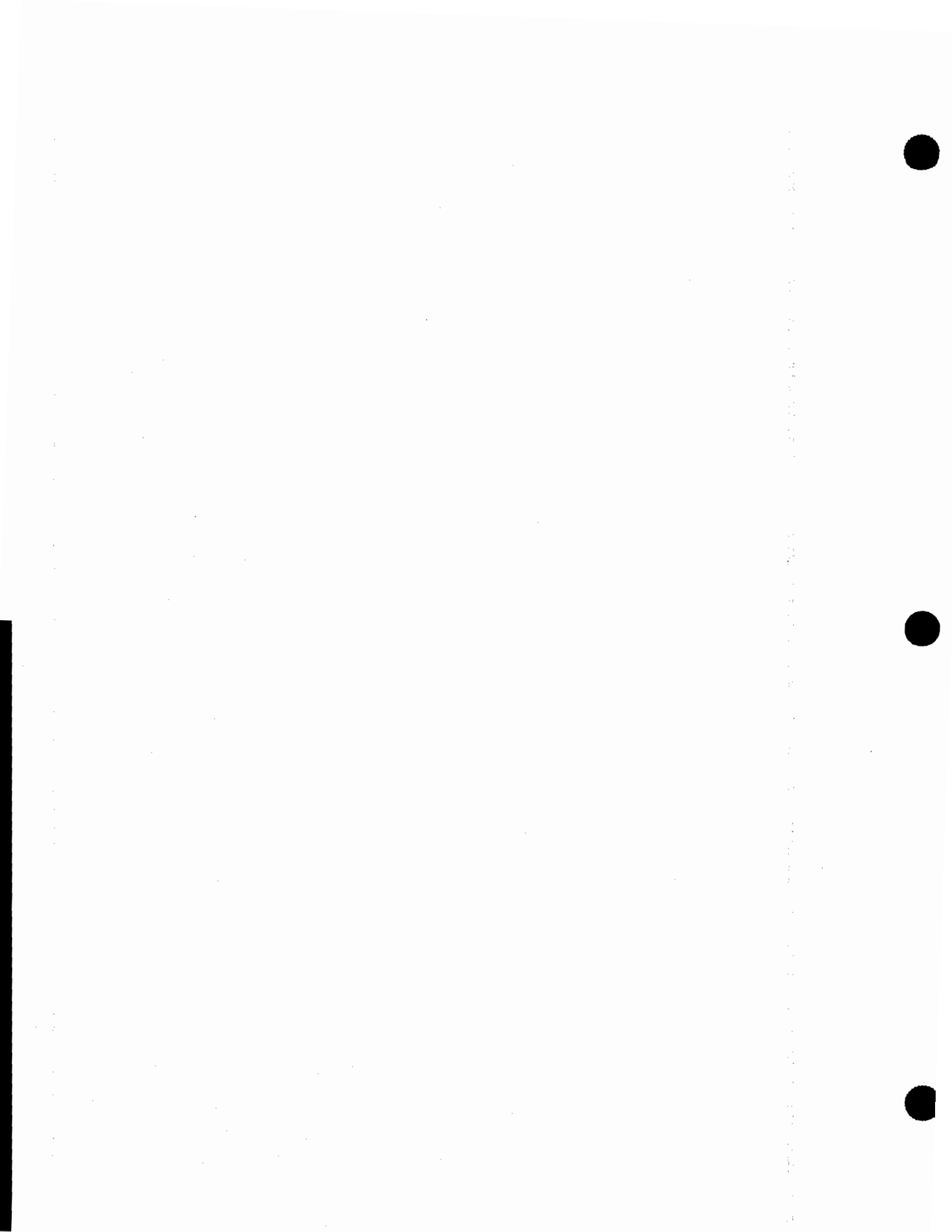
We are proud to say that nearly 700 of our existing team members have been with Argosy for six years or more, and more than 230 of the original team members that were there on day one are still with us at Argosy Lawrenceburg.

Turnover at Argosy has steadily declined from 72 percent, when we were a new industry in 1998, to a current rate of just over 35 percent. More than 50 percent of Argosy's nearly 2100 employees live in Indiana. More than 800 of those employees live in Dearborn County. Minority employment at Argosy makes up nearly 8 percent of Argosy's employment base. In comparison, Dearborn County's minority population is under 2 percent, according to the 2000 US census. More than half of Argosy's employees are women. Every



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new employee completes a two-day orientation training. As you heard previously, over 30 percent of the folks who come to work for us were unemployed before they started, so we wanted to make sure that an employee receives adequate, full training before they start the job. We train all front line employees, from dealers and deckhands to cashiers and security officers. We also train managers to be effective leaders through our management training program which emphasizes effective communication and good management skills with all employees. Argosy also trains managers in sexual harassment prevention, labor relations, DOT drug testing, proper alcohol service, problem gambling, and safety in the workplace. Argosy's orientation and training has a strong emphasis on two programs that we hold very dear to our heart. The first, I, hi, and good-bye, is a



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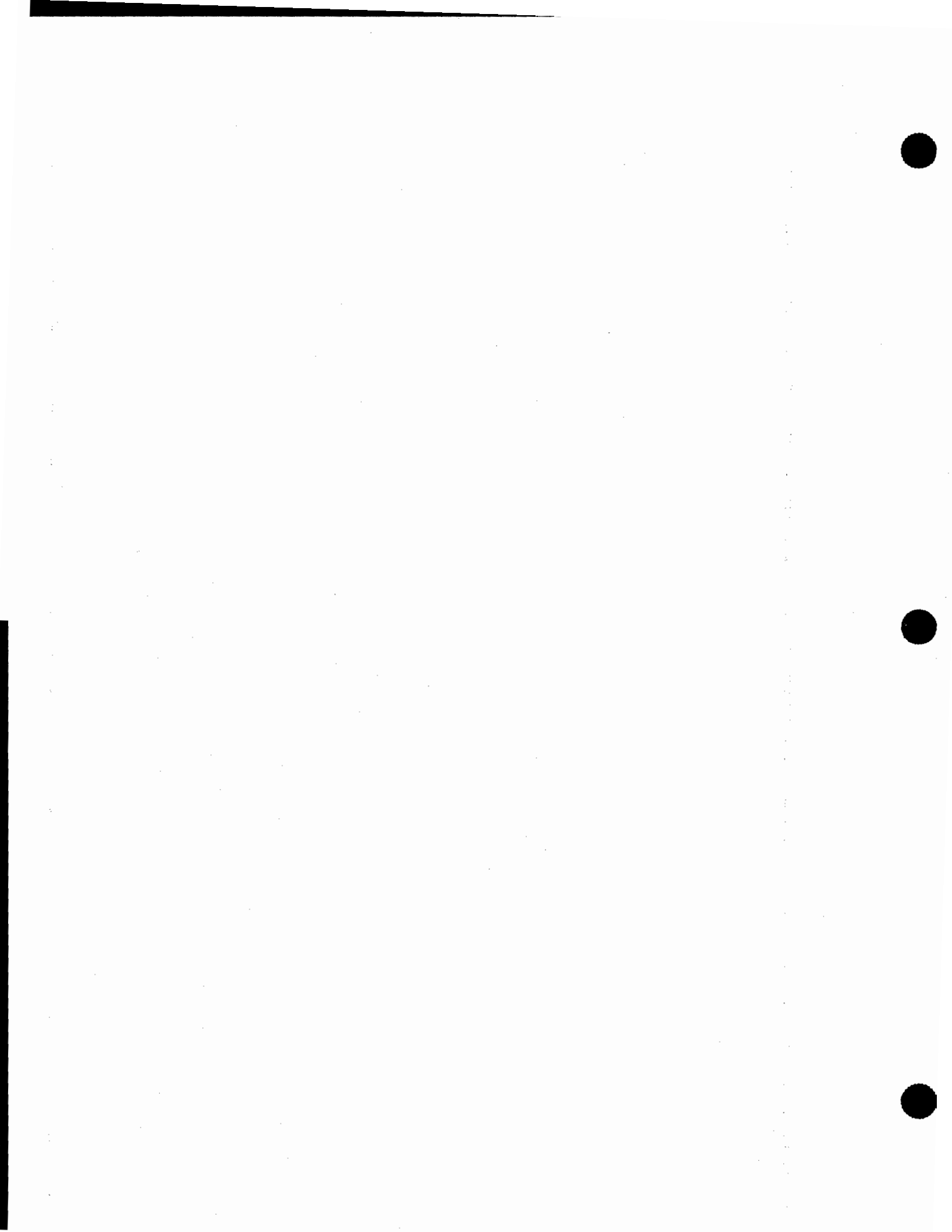
proprietary customer service program that reinforces Argosy's customer centered approach to operation. The secret shoppers are used to monitor all employees who regularly have customer contact.

The shoppers score employees on the delivery of courteous service. Team members are rewarded with a quarterly bonus if property goals are met, and I'm pleased to say that our property goals are in excess of 90 percent and we regularly meet those goals.

Through the I, hi, and good-bye program, Argosy has annually paid out more than \$800,000 in bonuses and prizes to employees.

Argosy also places high priority on workplace safety. Our two mandatory safety training sessions take place each year.

The safety first program promotes safety through employee events, such as safety games, and offers incentives and rewards for safety



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suggestions.

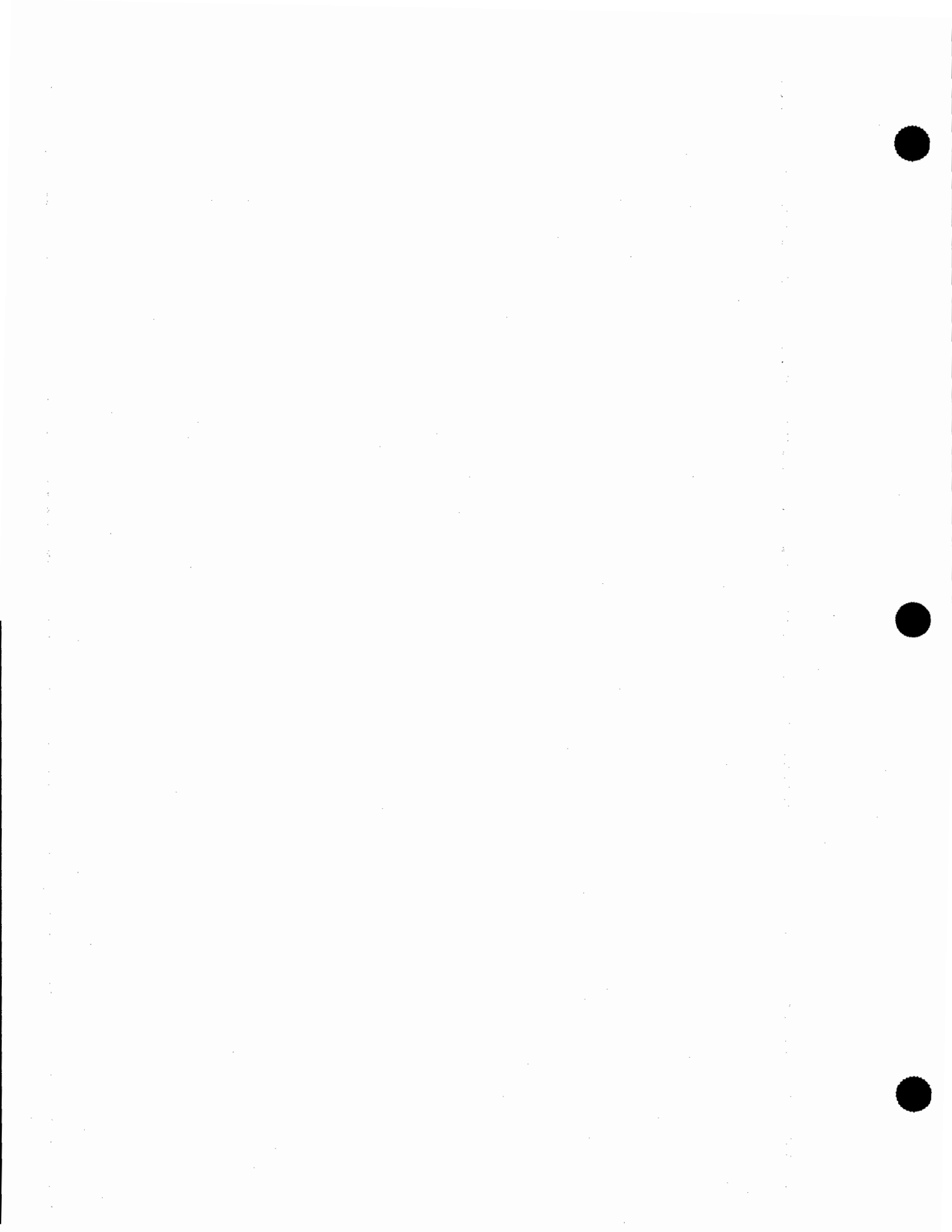
The safety committee, comprised of key managers and employees, monitors safety on the property and makes suggestions for improvements.

Argosy offers our employees a competitive health and benefits package, including three different options for health coverage that include dental and vision care, with the employer paying up to 90 percent of the total premium.

We also have an employer-paid disability plan for full-time employees and an employee assistance program.

In addition, Argosy recently reduced the waiting period for 401-K participation from one year to three months to help our employees better look to the future.

We also facilitate wellness efforts, including on-site mobile mammographies, wellness fairs, and a 24-hour nurse's hotline.

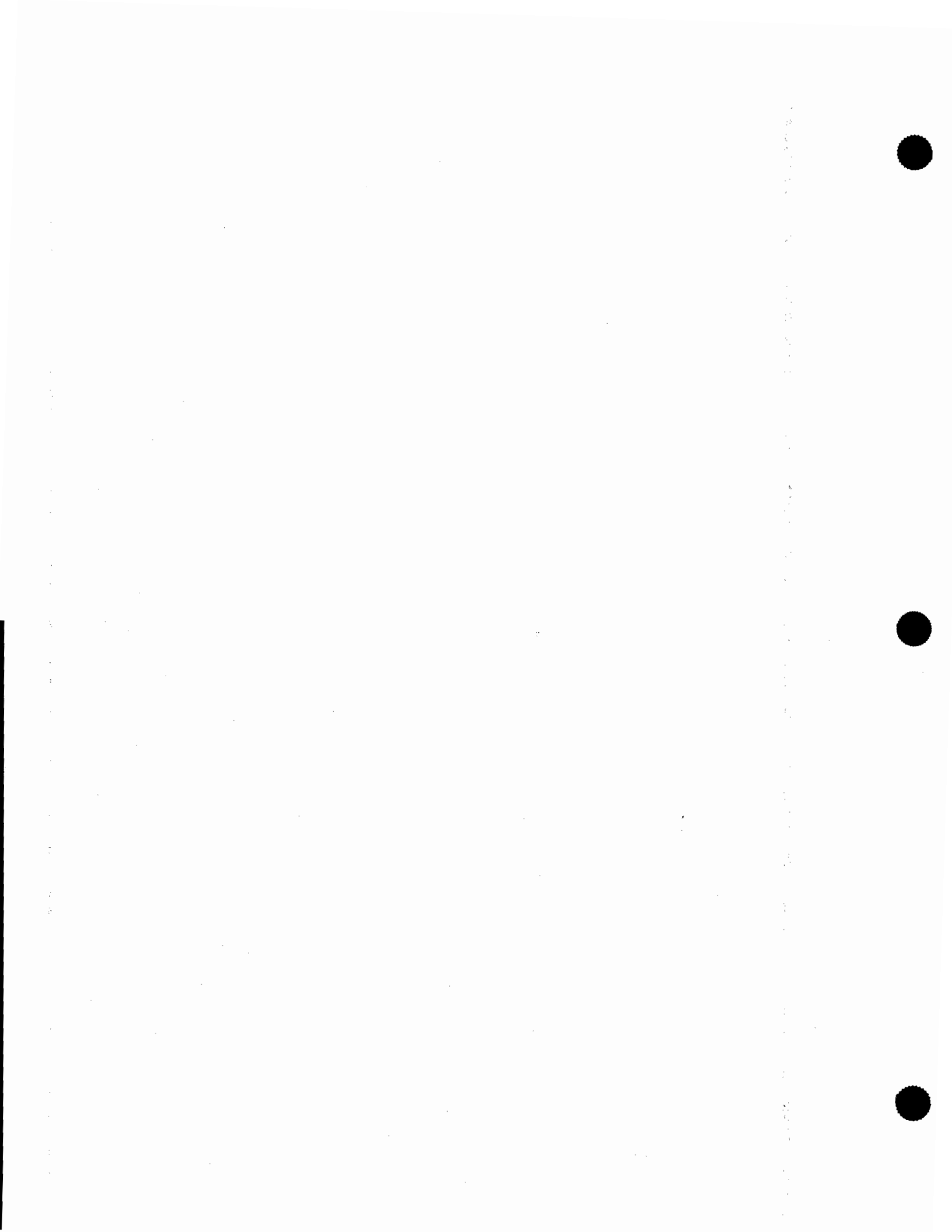


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Argosy Casino and Hotels employment is proactive in its approach to reaching -- Argosy Casino and Hotel is proactive in its approach to reaching its purchasing goals set for minority- and women-owned businesses. Since the fifth-year license, MBE purchases have averaged 15.9 percent per year and WDE purchases have averaged 7.6 percent per year during the same period.

In 2003, Argosy purchased goods and services totaling \$9.9 million for minority- and women-owned businesses. Through the first three-quarters of this year, we've already spent \$9.1 million purchasing goods and services from minority- and women-owned businesses.

Argosy Casino and Hotel is a consistent and active supporter of a wide effort to promote responsible gambling. While Argosy agrees with national studies showing the number of problem gamblers is very small,



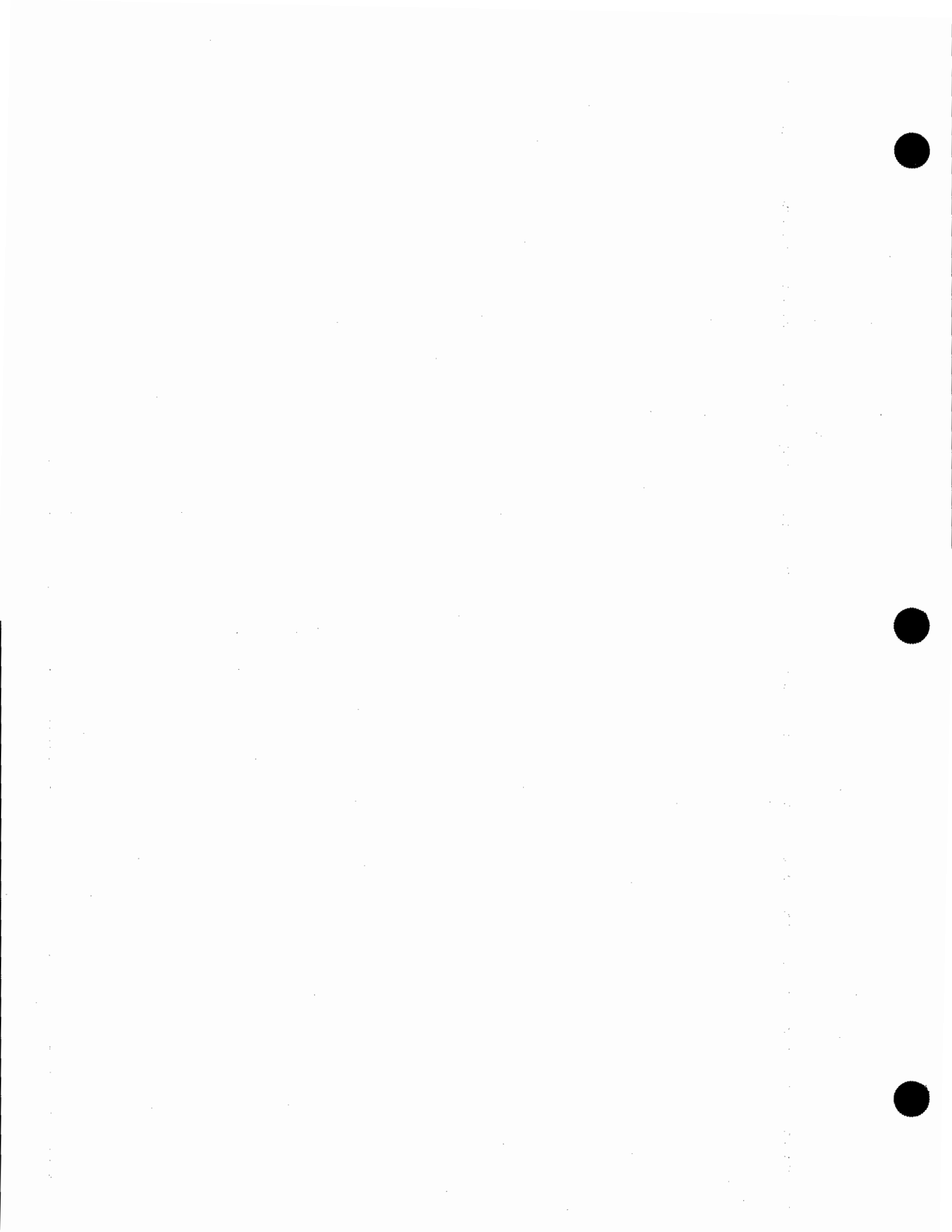
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the company's position is that one problem gambler is one too many. Argosy believes the vast majority of its patrons are responsible citizens who enjoy the entertainment of casino gambling.

As a member of the American Gaming Association, Argosy has adopted the AGA code of conduct for responsible gaming. The AGA code of conduct was enacted in 2003 as a pledge to employees and to patrons to make responsible gaming an integral part of daily casino operations.

The pledge encompasses all aspects of Argosy business, from employee assistance and training for alcohol service, advertising, and marketing. The code covers the commitment of continued support for research initiatives and public awareness surrounding responsible and underage gambling.

Argosy Lawrenceburg has an eight-person responsible gaming committee

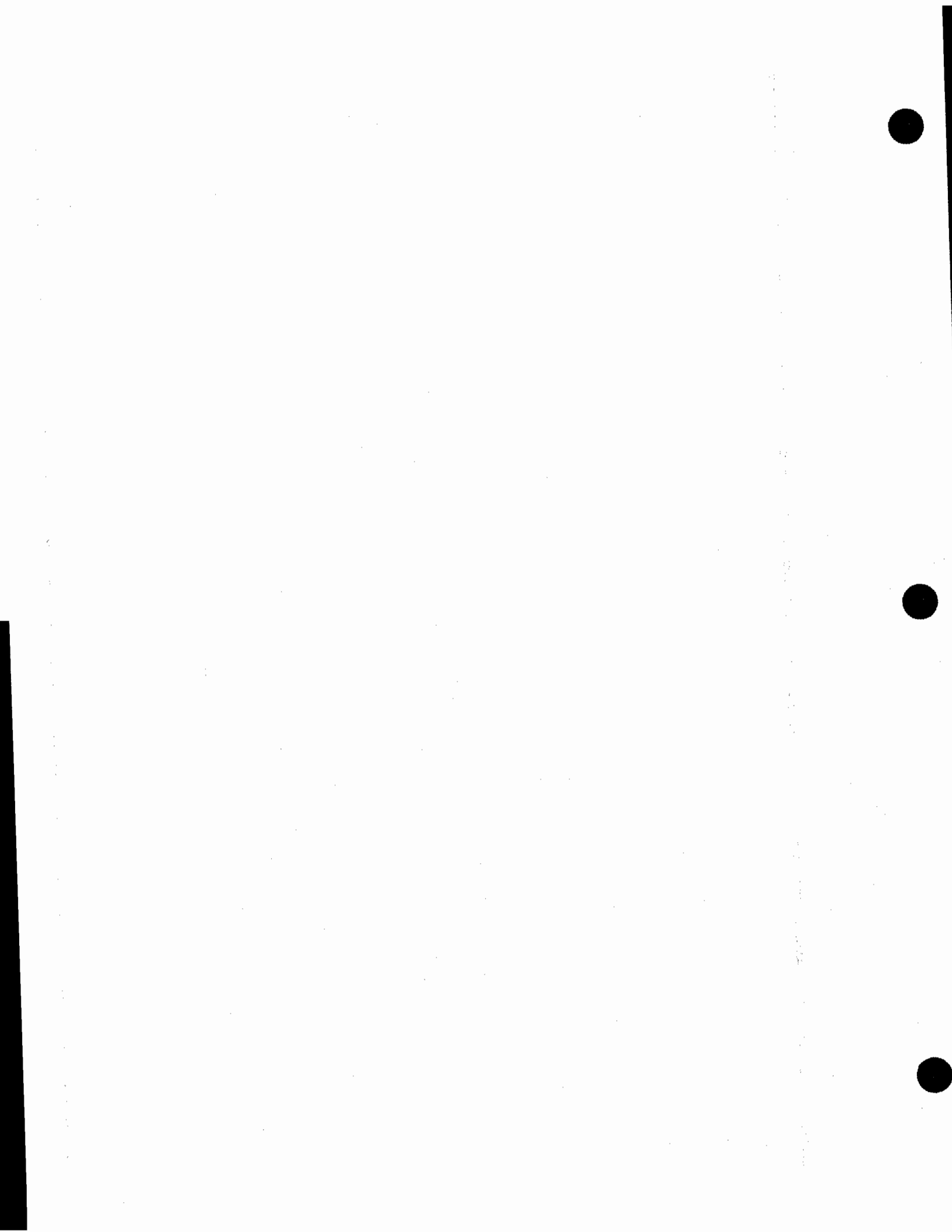


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that meets regularly to review and coordinate compliance with IGC regulations, the AGA code of conduct, and education to both employees and guests.

Argosy is a corporate member of the Indiana Council on Problem Gambling and the Kentucky Council on Problem Gambling. Our parent company, Argosy Gaming Company, has made a five-year half million dollar pledge to the National Center for Responsible Gaming, and a member of Argosy management team serves on the Indiana council's board of directors.

Argosy promotes responsible gaming -- Argosy promotes responsible gaming to the public and to our team members not only by participating in and supporting organizations and events, but also through informational brochures and signage in the casino, in the pavilion, in the hotel, and in the back of the house where employees populate.

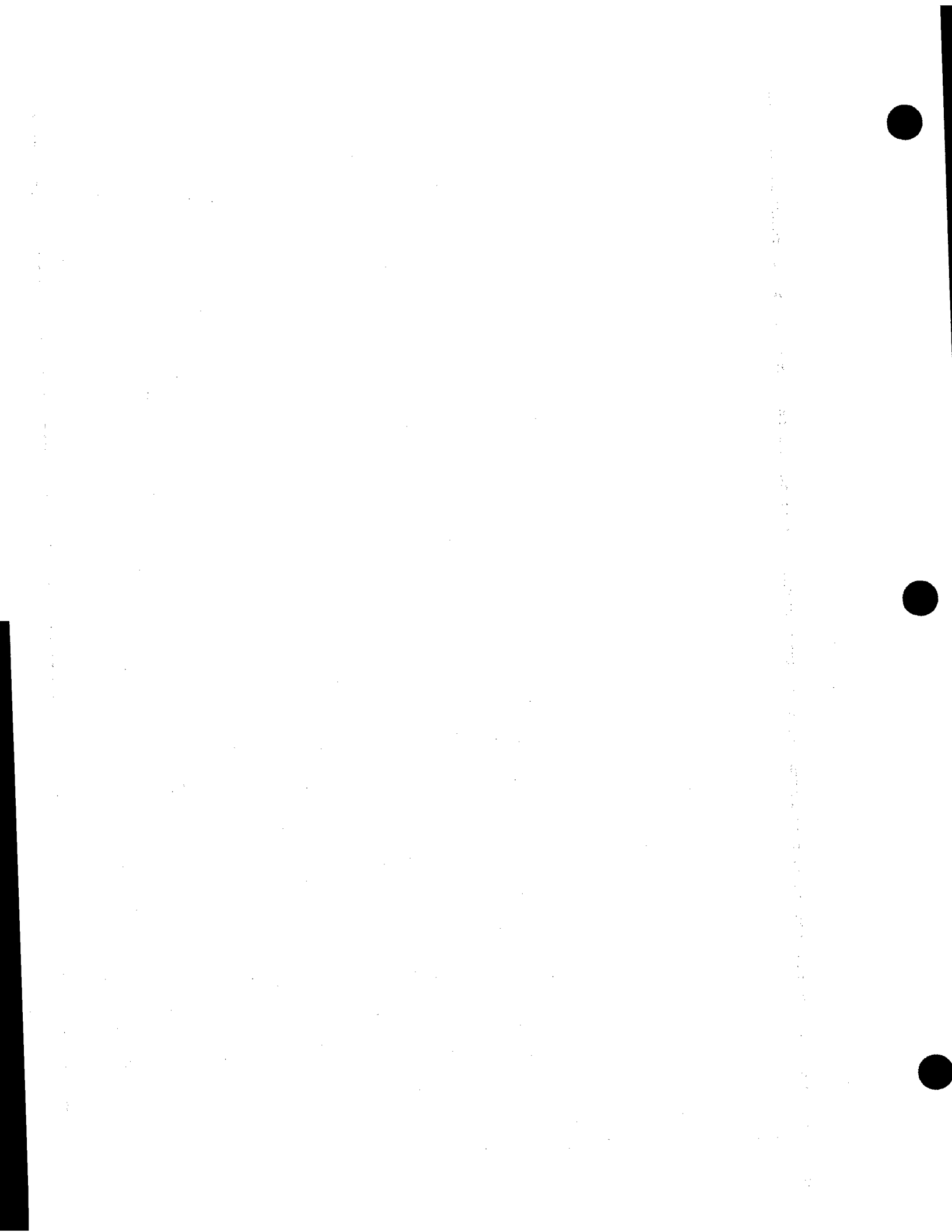


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Responsible gaming message and help line numbers are also included in all forms of advertising.

Argosy employees are trained on responsible gaming twice annually, and it is mandatory for all employees. The training program promotes responsible gaming, including Argosy Indiana self-exclusion program, the employee assistance program, underage gambling, unattended children, and guidelines on how to help a patron who is seeking help for a gambling problem.

New employees receive responsible gaming training during their two-day orientation. Argosy also regularly publishes articles about responsible gaming in its employee newsletter. We also work closely with our union, Seafarer's Trade Union, that are going to see to it to help train our employees and communicate with them in all of these areas.



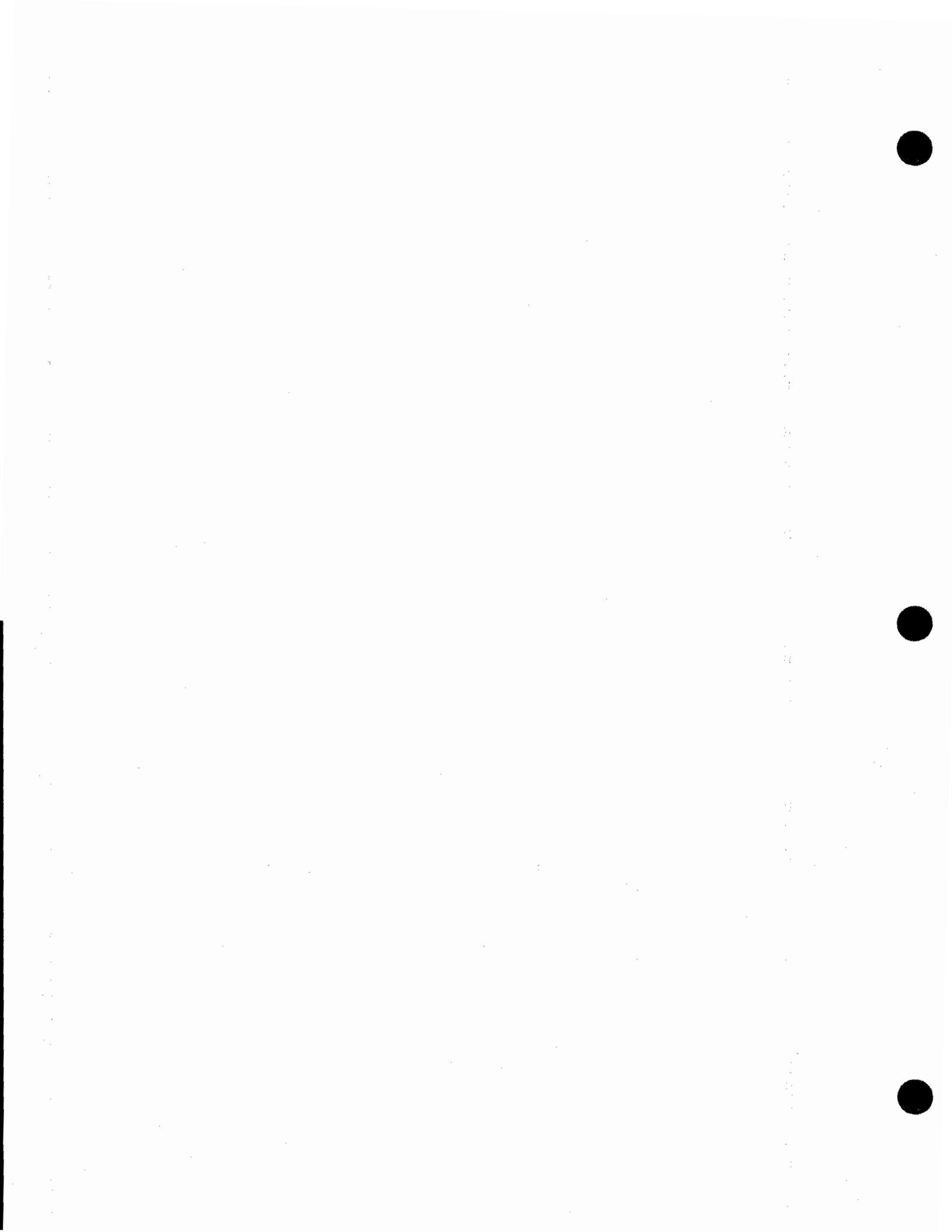
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While Argosy has made more than a million dollars in donations and sponsorships in the last eight years, Argosy's contribution to the Dearborn County and Tri-State communities go far beyond monetary gifts.

The company's management and staff also contribute in meaningful ways. Argosy team members participate in many different organizations in the Dearborn County and throughout southeastern Indiana and the Tri-State.

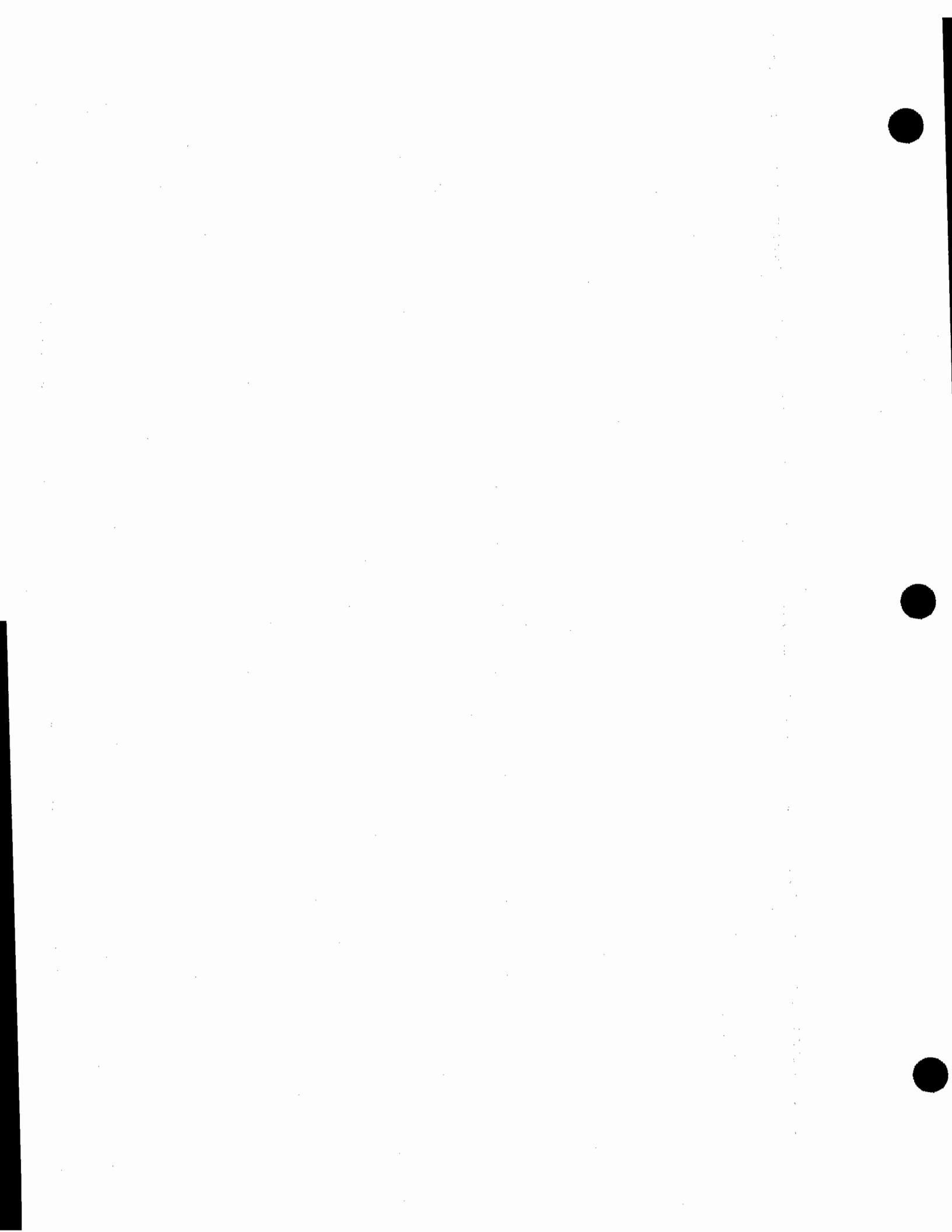
Members of Argosy's employee volunteer group, the community action team, contribute hundreds of hours of volunteer work on worthy community projects. A few examples are Habitat for Humanity, the Red Wolf Sanctuary, the James B. Wismann YES Home for Abused and Abandoned Children, and Safe Passage Women's Shelter.

Argosy's management staff also serves on volunteer board -- as volunteer board members and committee members



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in many community organizations,
including Dearborn County Convention
and Visitors and Tourism Bureau,
Historical Landmarks Foundation, the
Dearborn County Foundation Board, and
both the Indiana and Kentucky
Councils on Problem Gaming.
Argosy's contributions and
sponsorships of more than \$1 million
over the last eight years ranged from
a \$20,000 donation for Dearborn
County flood relief in 1997 and
sponsorship of the Regatta in Aurora,
to donations to the local Salvation
Army and the Warm the Children
charity. Argosy sponsored both the
Lawrenceburg and the Dearborn County
bicentennial celebrations. Argosy is
proud to have contributed more than
\$60,000 over the last seven years to
Warm the Children, a charity that's
dedicated to providing clothing, such
as coats, gloves, shoes, and more to
keep children in need warm during the
critical winter months.

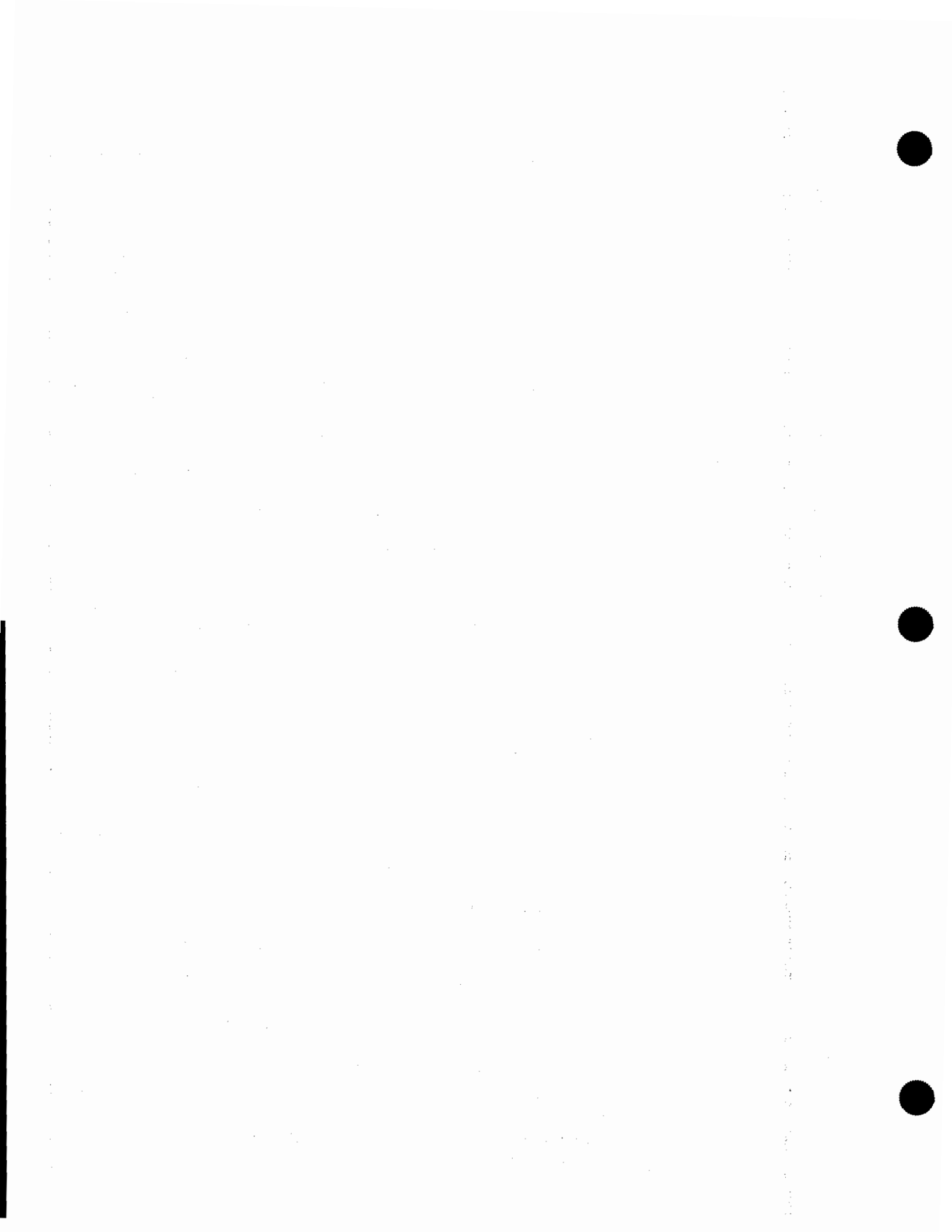


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Another few examples of organizations receiving donations or sponsorships from Argosy are the Studebaker Museum, the Susan G. Coleman Breast Cancer Foundation, the Safe Passage Women's Shelter, the Cass County Community Foundation, Dearborn County Foundation, and the Special Olympics. Argosy employees also do their part as regular contributors to the United Fund/United Way drives of Dearborn and Ohio Counties.

Also in-house, our employees created the Lawrenceburg Employee Assistance Relief Fund, which raises funds amongst employees to aid other employees who, through no fault of their own, experience severe hardships during their employment with Argosy. This LEAF is managed -- LEAF, as we call it, is managed by Argosy employees with the sole purpose of providing assistance to fellow employees.

In conclusion, Argosy Casino is



1 pleased to be a part of the riverboat
2 gaming industry in Indiana. We are
3 happy to be doing business in the
4 Lawrenceburg Dearborn County area,
5 and proud that we have had such an
6 economic and social impact through
7 the promises that we made and have
8 kept.

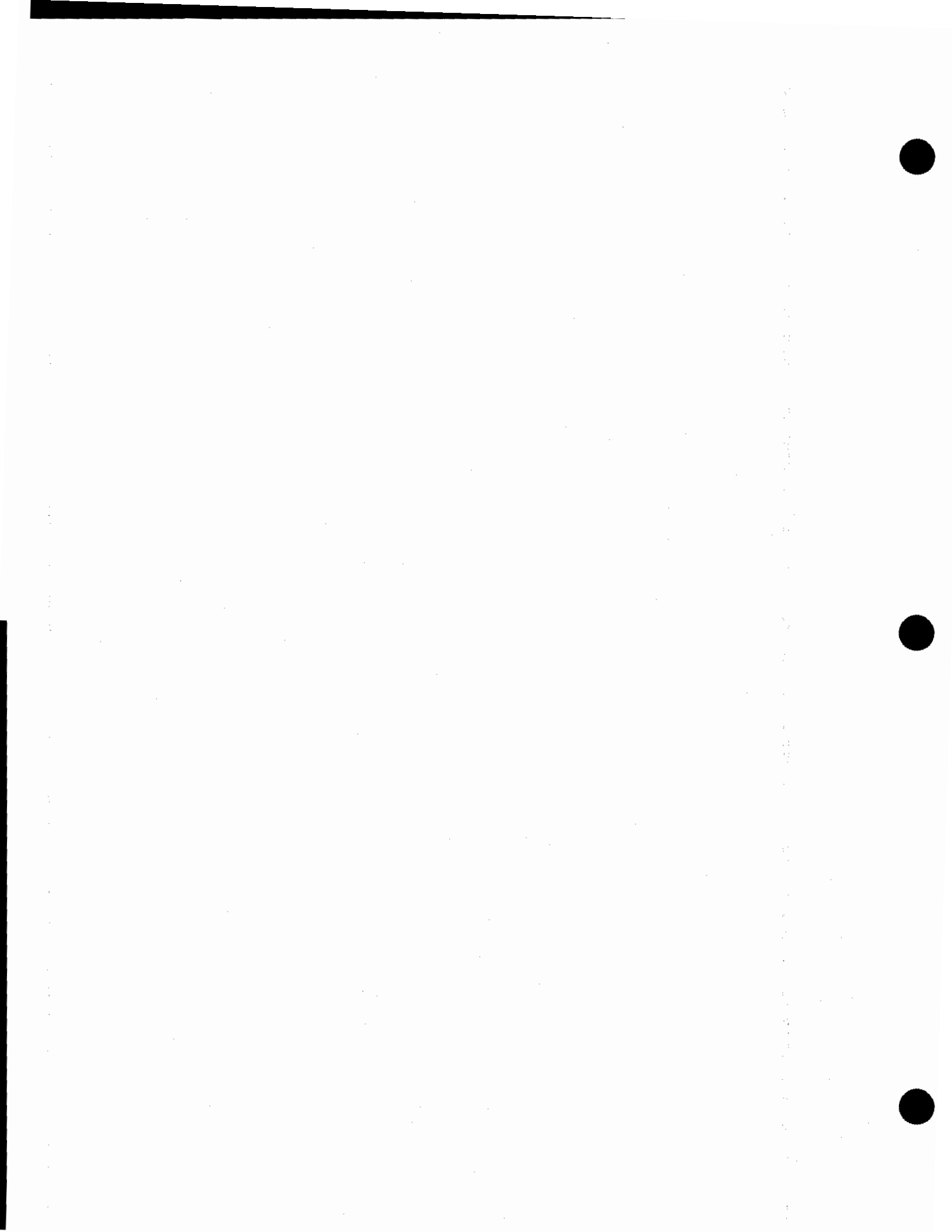
9 At this time I'd like to introduce
10 Richard J. Glasier, the president and
11 CEO of Argosy Gaming Company.

12 MR. GLASIER: Thank you, Larry, Mr. Chairman,
13 commission members, and staff.

14 My job is sort of to reinforce in a
15 shorter period what Larry's already
16 said.

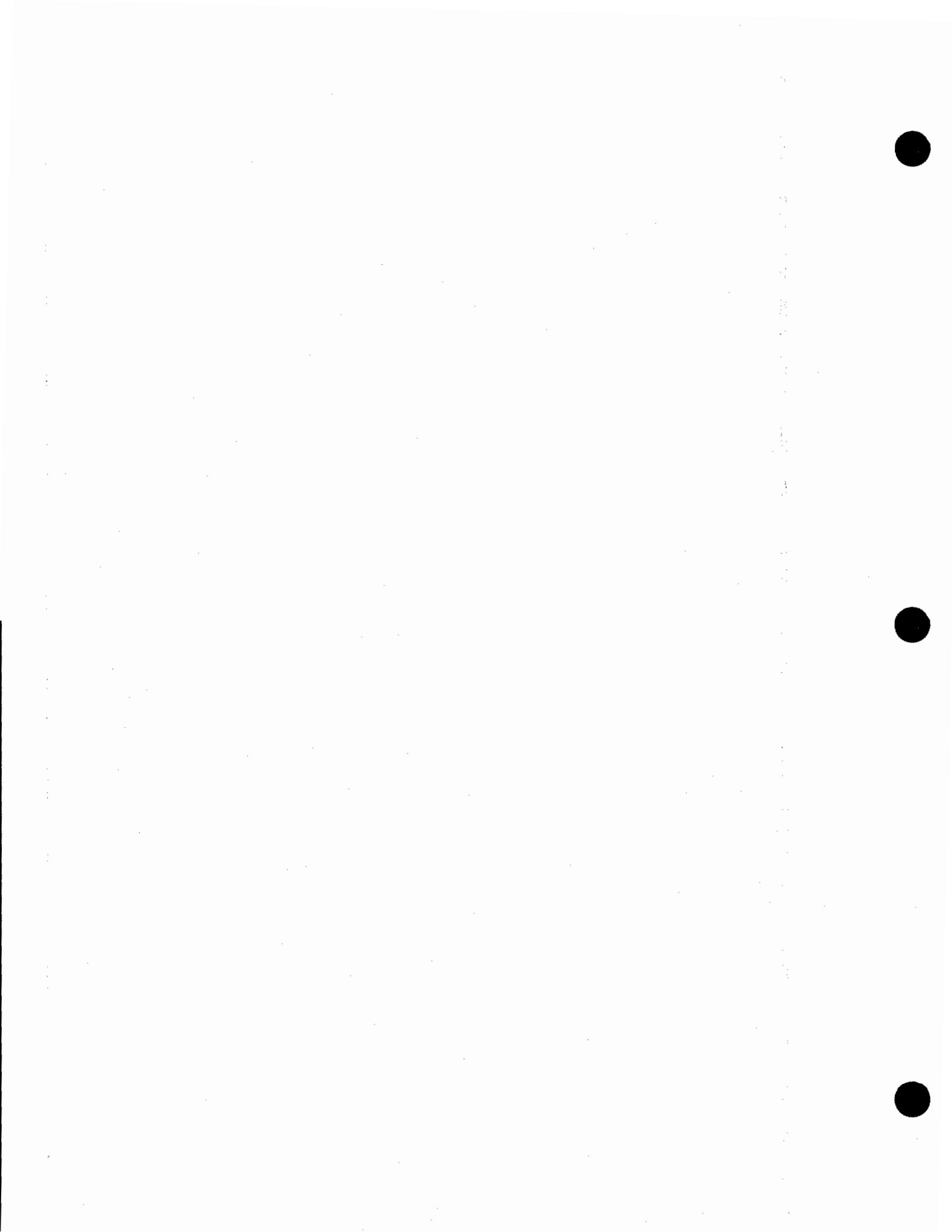
17 We are proud of our performance in
18 Indiana. That performance, as you've
19 seen by numbers that Larry has
20 presented, can be measured in terms
21 of revenue dollars, incremental tax
22 dollars generated for the state of
23 Indiana, for the county, and local
24 governments.

25 The performance as, again, I hope you



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appreciate from Larry's comments, has allowed us to be a very strong employer as well as a major contributor to our community here. And that performance has also positioned us to grow our operations in the future in Indiana. Over the past few months, there's been a series of events that have taken place, events that I believe will position Argosy in Lawrenceburg to be even in a stronger position. As you're aware, Penn National Gaming has entered into agreement with Argosy to acquire the company for over \$2 billion, and the combined company, the merged company, will be the third largest gaming operator in the United States with revenues in excess of \$2 billion. The transaction, of course, is pending regulatory approval. It is estimated -- We estimate that we should be nearing completion of the transaction sometime the middle of



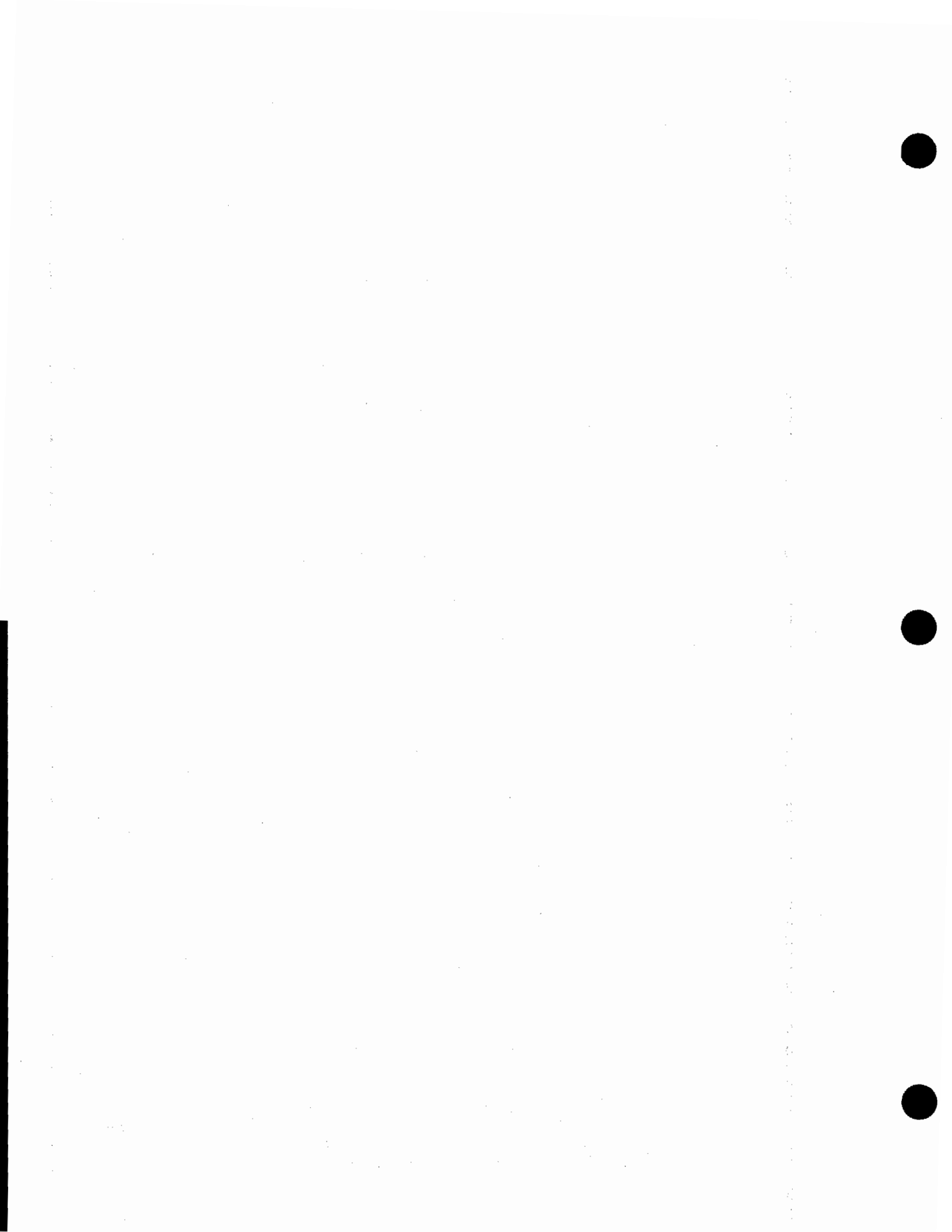
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next year.

In the meantime, our management team must be focused on business as usual. We've just completed finishing, at all of our six properties, our 2005 operating plans and budgets and, more importantly, on a day-to-day basis we're going to continue to dedicate the service that we've shown to the thousands and thousands of customers that we -- that visit our properties every day, and we're going to continue to provide that type of service.

Penn National and Argosy transaction was just announced a few weeks ago, and there will be plenty of opportunity in the coming months to focus on the impact of that transaction.

Today I'd like to focus on current events in Lawrenceburg. We remain the highest revenue generating riverboat resort in the United States. Our management team, under



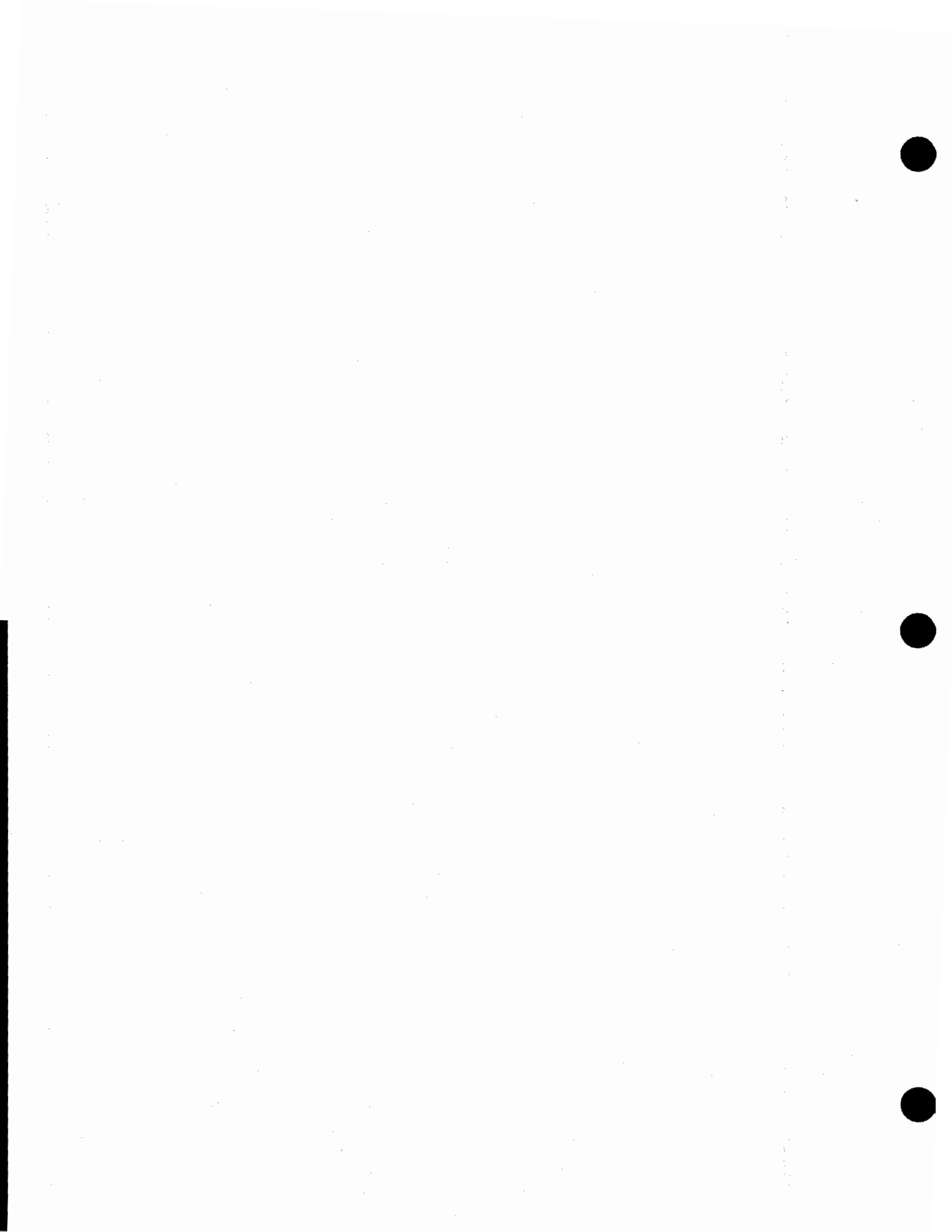
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Larry, and our employees of senior management who stood a few minutes ago, continue to deliver an outstanding service, product to our customers, our hotel operates at near capacity, our restaurants deliver excellent food, and we repeatedly year after year invest in the most popular gaming products for our casino.

It is important to recognize the leadership of the Lawrenceburg mayor, Bill Cunningham, and the members of the Lawrenceburg City Council. The mayor and the city council passed a resolution earlier this year for what we call a rent credit for expansion -- future expansion of our Lawrenceburg facility. That was an amendment to the development agreement.

The rent credit provides a financial incentive for Argosy to reinvest capital dollars into the property.

This action continues to reflect the



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excellent working conditions,
relationships that Argosy has with
the Lawrenceburg administration and
the citizens of Lawrenceburg.
We've devoted a tremendous amount of
time this past year, and much of our
management talent, to determining
what is the best way to expand our
casino in Lawrenceburg.
We are facing potential competition
from two other states going forward,
and now's a critical time for us to
make those decisions as to how we
might expand in Lawrenceburg.
The next few weeks we'll be
completing our evaluation in terms of
project scope and the financial
impact that that might have, and we
look forward to discussing those
plans with you early next year.
Argosy has had the privilege to
operate in Indiana over the past
eight years. We've done so, I hope
you'll agree after listening to
Larry, especially, we've done so with



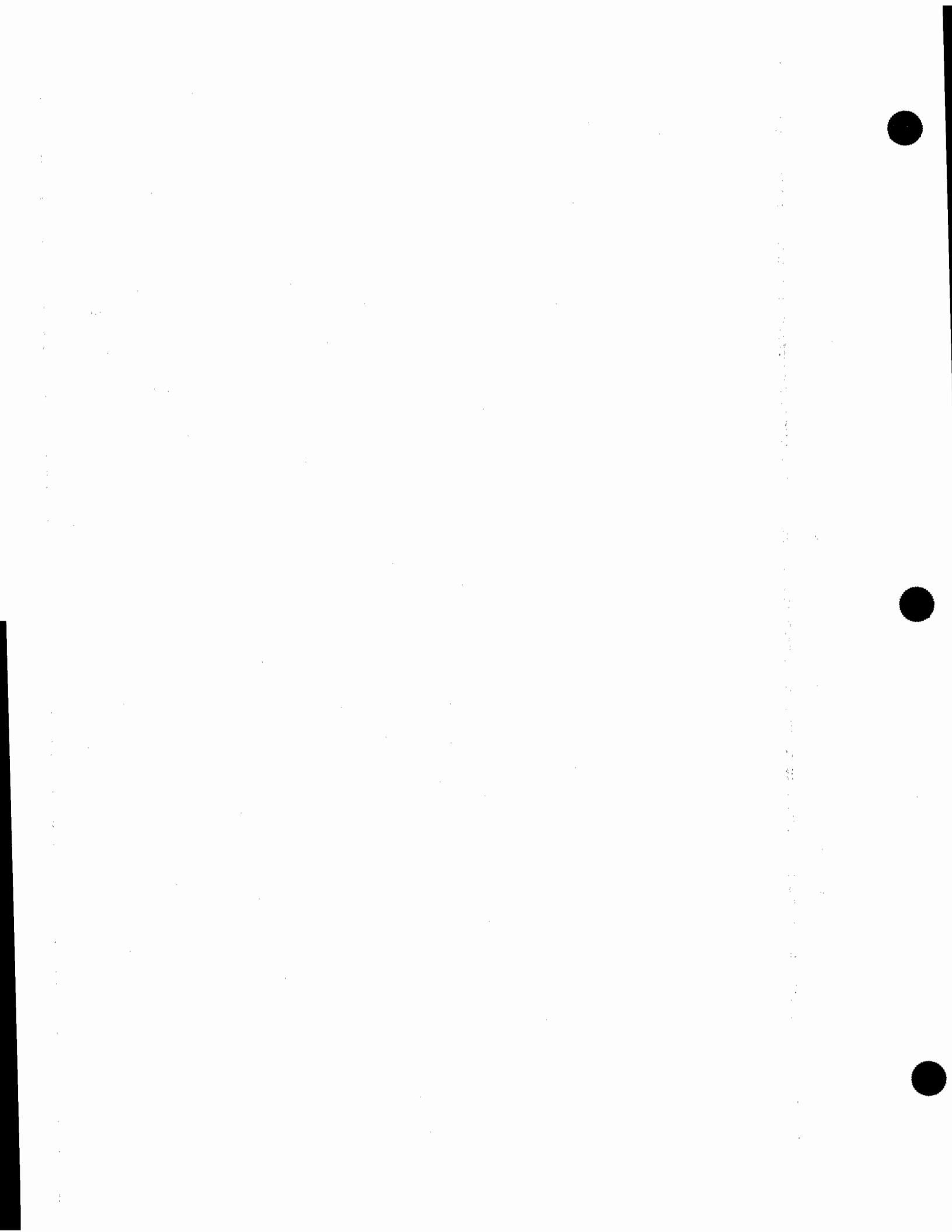
1 distinction and pride. We care about
2 our employees, we care about this
3 community. When we make a promise,
4 we really intend to keep that
5 promise, and we promise to be just as
6 professional and skilled as we have
7 in the past in serving our guests and
8 maintaining our reputation as a good
9 citizen here in Indiana.

10 And with that, that concludes our
11 comments.

12 MR. KINSER: Mr. Chairman, I see Mr. Lawrence is
13 back. If I could just take a second.
14 I've been here in Indiana for two and
15 a half years now, and Mr. Thar was
16 the executive director when I came to
17 town, but he was -- he left to go
18 into private practice fairly soon
19 thereafter.

20 It has been my privilege and pleasure
21 to work with Mr. Lawrence and his
22 staff. I found him to be very
23 professional and was there, when I
24 needed to talk to him, with good
25 advice, and I just want to say for

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1 you and for the record that I
2 appreciate Mr. Lawrence and what he's
3 done for me personally to help my
4 time in Indiana go much smoother.
5 Thank you.

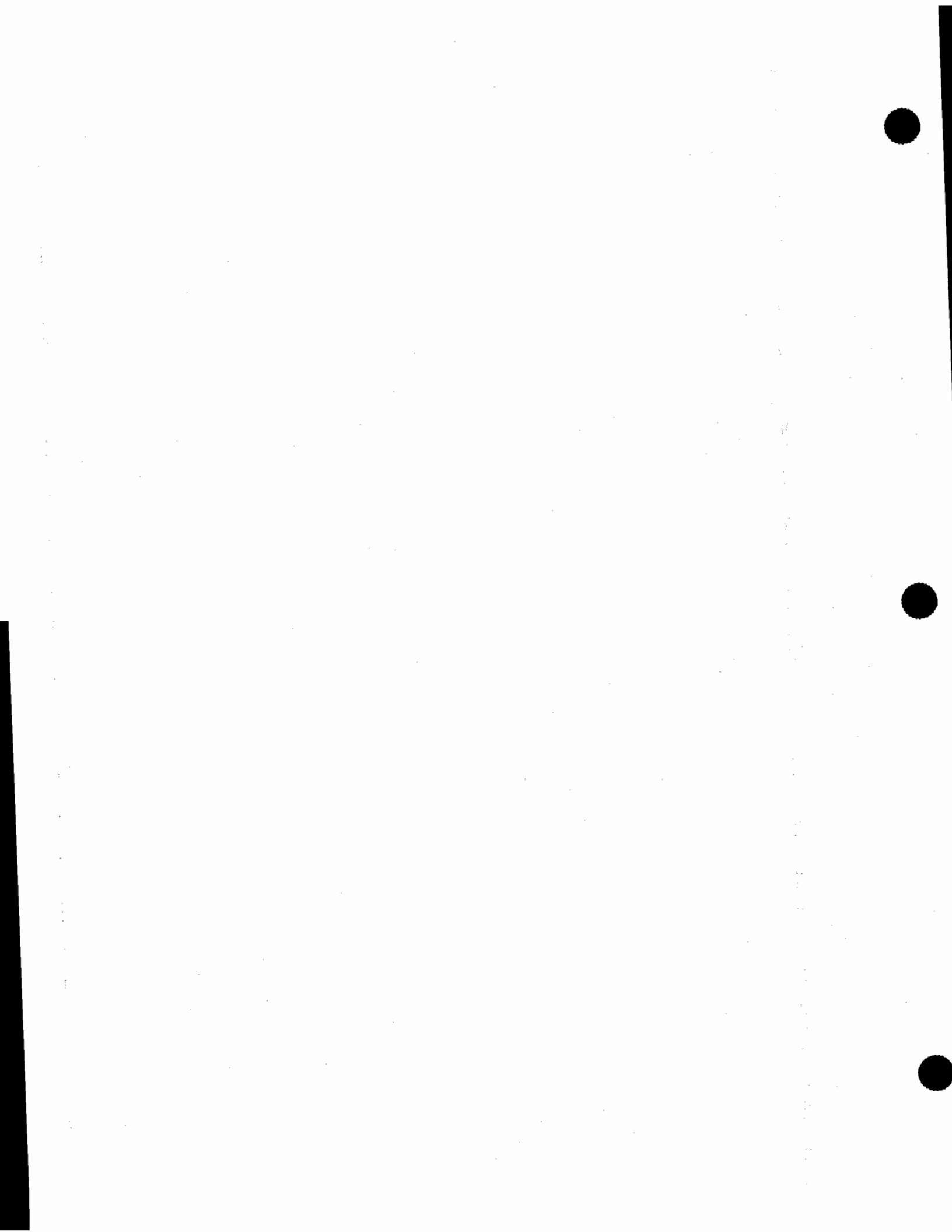
6 May I introduce next Mr. Mike Rozzo,
7 he's the president of Dearborn County
8 Chamber of Commerce.

9 MR. ROZZO: Good day. Actually, I have a couple
10 other titles. As president of the
11 Chamber of Commerce, I am also the
12 CEO of the Convention and Visitors
13 Bureau, and administrative manager of
14 the Dearborn County Redevelopment
15 Commission.

16 By the way, Mr. Chairman, since you
17 had a dress shirt malfunction, we in
18 southeast Indiana would like to show
19 our hospitality by giving you my
20 shirt off my back, if you would
21 require that.

22 What I'd like to do is just top line
23 and underscore some of the things
24 that have been said already.

25 When we talk about Argosy's

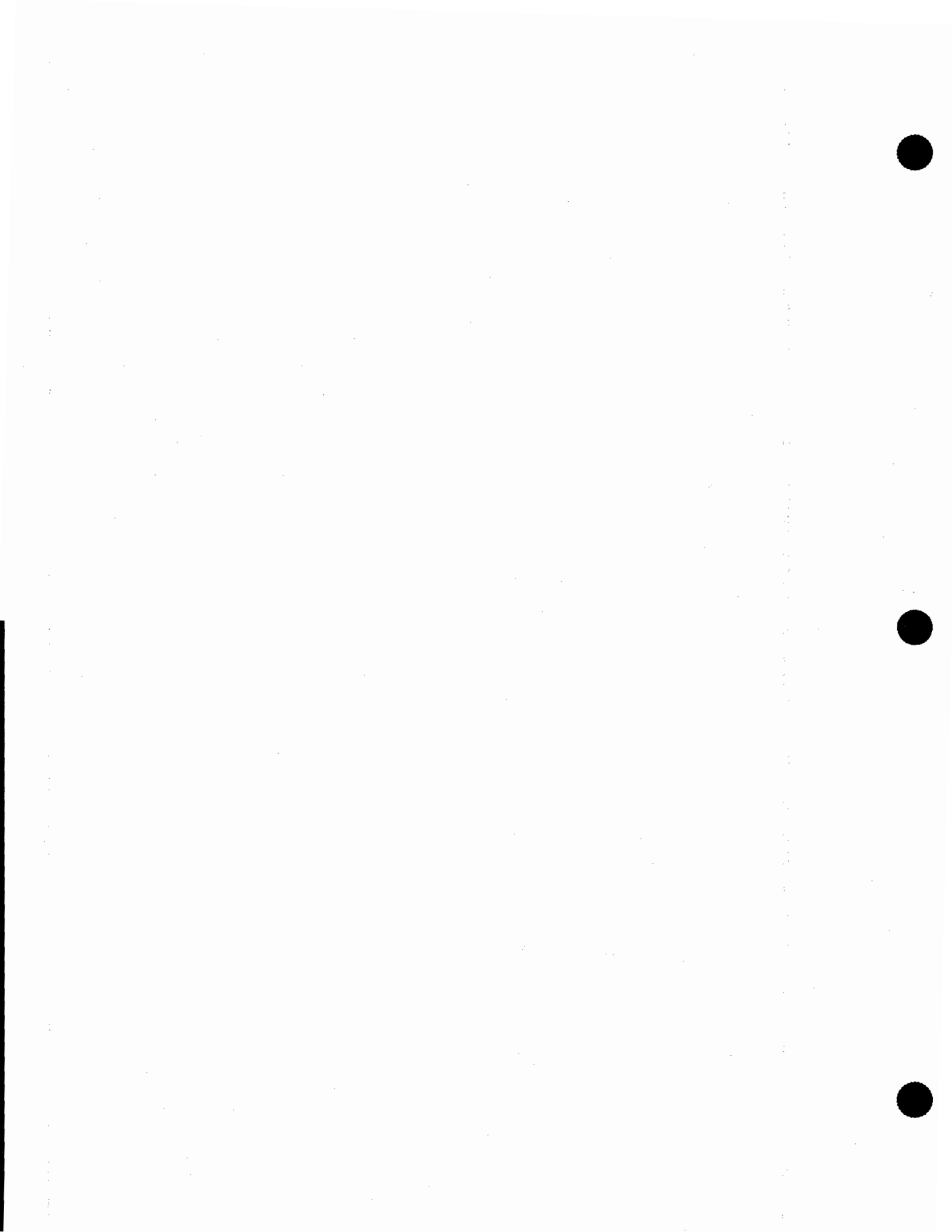


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attraction, we're looking at the Tri-State area. It is the number one attraction. It has more people attendance than the Cincinnati Reds, than Kings Island, attractions that have long and impactful histories. With over 3.7 million people coming to our area that trickle down from those visitors has been enormous, as has been pointed out.

From the redevelopment commission, our mandate is to create a diverse stream of wealth through job creation. We have done that by forming a public private economic development corporation that goes out and brings new jobs to Indiana and to Dearborn County. We think this is something that will continue to make a difference in our community.

Lastly, I would like to talk about Argosy as a silent giant and the people who work there. They have affected positively the very fabric of our community. They have changed

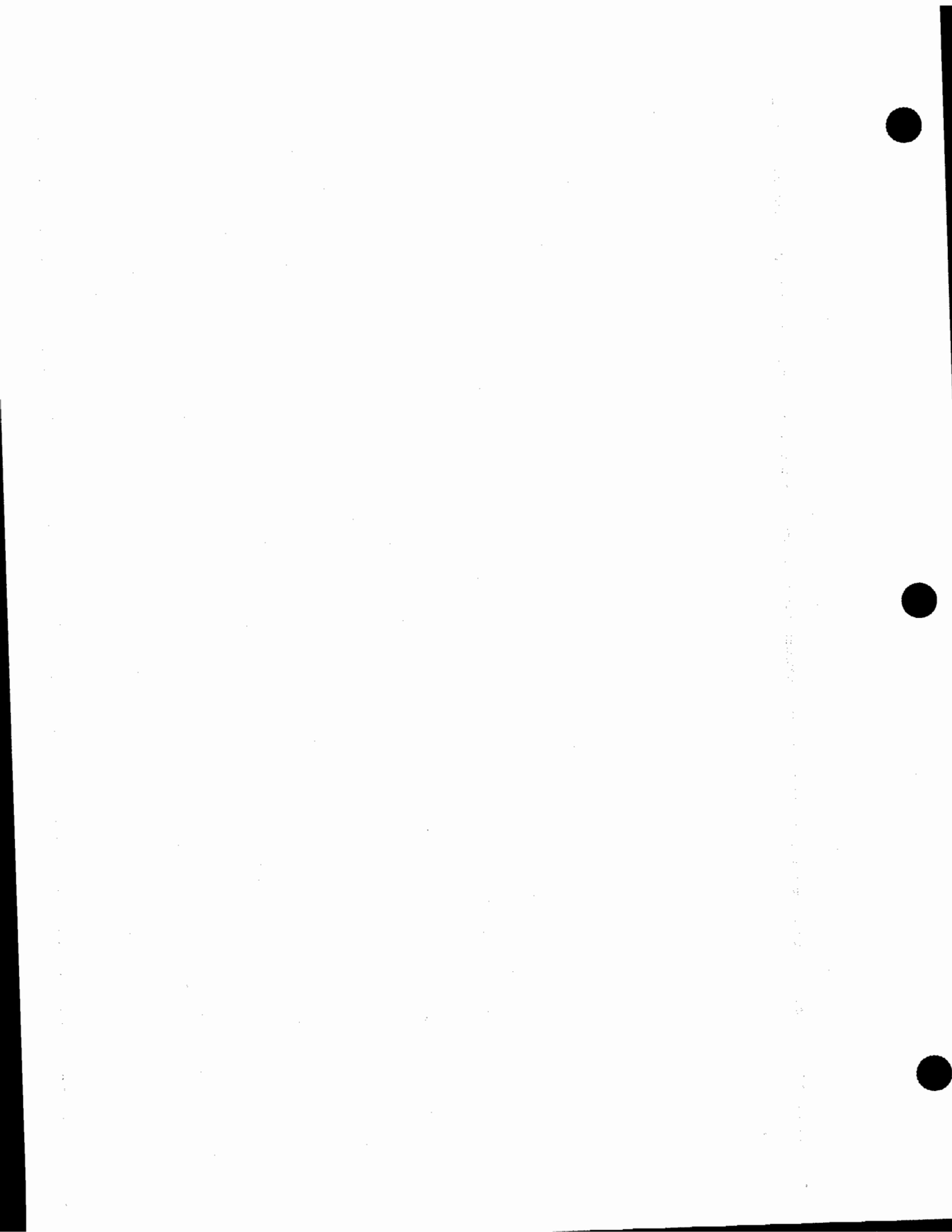


1 lives, they have opened up
2 opportunities that weren't here ten
3 years ago, and I can't say enough
4 about the good this casino has done
5 for our community, our region, and
6 our state. Thank you.

7 MR. BARLOW: I have a question. I'd be interested
8 in your observations with respect to
9 the comments Mr. Klacik made about
10 the increase in the court's caseload.

11 MR. ROZZO: Well, again, when you use
12 percentages, you know, if you have 50
13 people coming in your court and say
14 you now have a hundred -- you know, a
15 hundred people you've dealt with, it
16 increased by a hundred percent.
17 But we are in an urban area. We are
18 making a transition from a rural
19 county to very much a suburban county
20 of the metropolitan area.
21 I don't have the figures that either
22 Judge Witte or Judge Humphrey,
23 whoever you're speaking to, have
24 given you; but it isn't just because
25 of the casino, it is because of the

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growing population of our area and the number of new businesses that have come in. Yes, we do need -- we do need a new court, without a doubt.

MR. BARLOW: That was my observation, that there were overall trends causing that and not just the casino.

MR. ROZZO: Absolutely, absolutely.

MR. BARLOW: You would --

MR. ROZZO: I would concur with that greatly. I can see the folks coming in every day who work here, and of course those folks who leave here to work in Kentucky or Ohio and then come back in the evening.

Thank you.

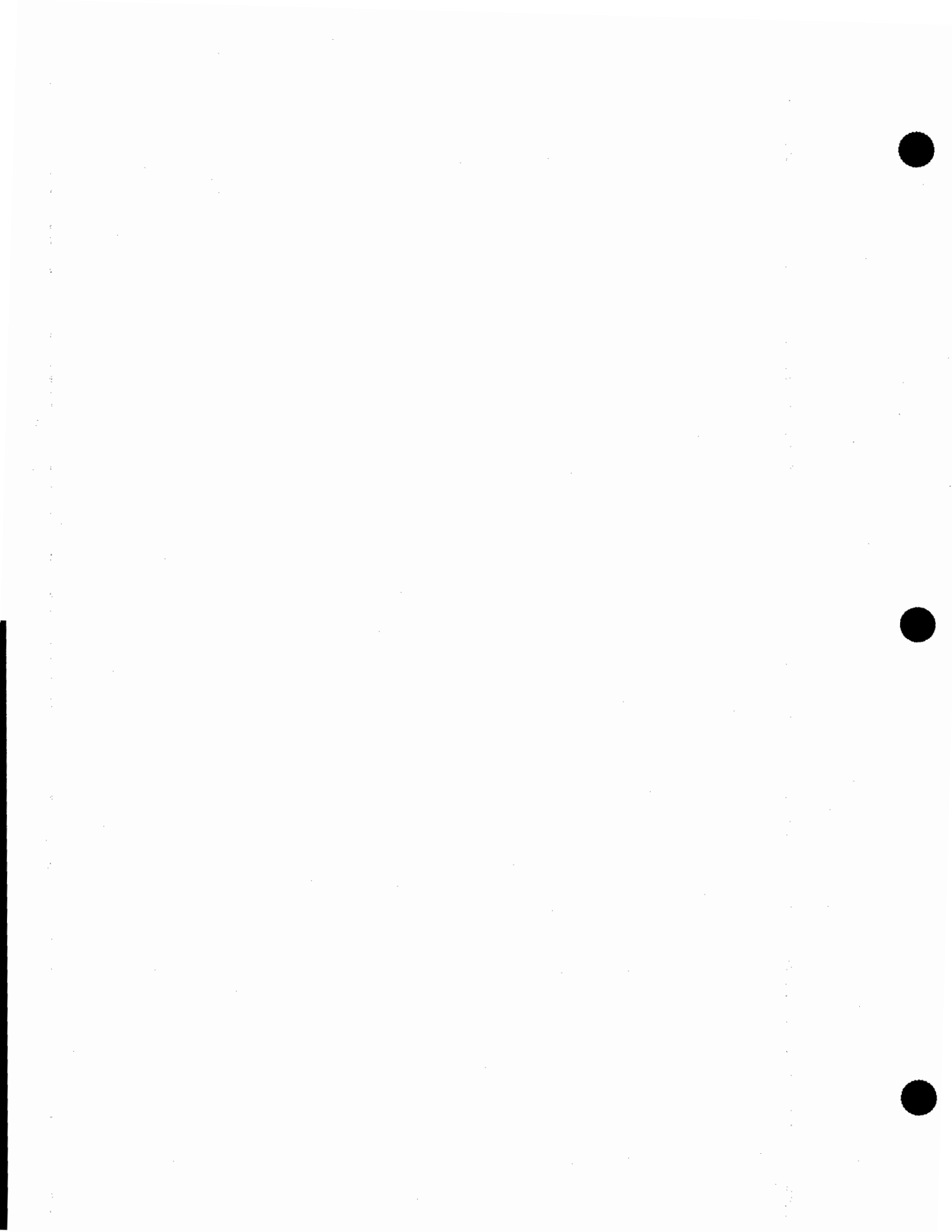
MR. BARLOW: I'm glad to hear that.

MR. ROZZO: Mr. Chairman, do you want my shirt?
It's clean.

CHAIRMAN VOWELS: More than I can say for this one.
Thank you.

MR. KINSER: Next I would like to introduce State Representative Bob Bischoff.

MR. BISCHOFF: Thank you. Good afternoon. It's a pleasure to be here this afternoon



1 and share a few comments with the
2 board, the executive director.
3 Welcome to southeastern Indiana.
4 Being a state representative here in
5 southeastern Indiana, I do represent
6 three boats, and the positive impact
7 it's had on our quality of life here
8 has been unbelievable for
9 southeastern Indiana, where we have
10 been and where we're at today.
11 As I said earlier, I can't say enough
12 positive things about the economics
13 here in southeastern Indiana.
14 They're very favorable.
15 When we look at the 2100 jobs at
16 Argosy Casino here, and along with
17 the other casinos here in
18 southeastern Indiana, it's really
19 improved our work force. It's given
20 the people the opportunity to get
21 jobs here and not have to commute to
22 Cincinnati or Northern Kentucky.
23 We look at the foundations, the
24 impact that's going to have on future
25 generations. We look at the taxes

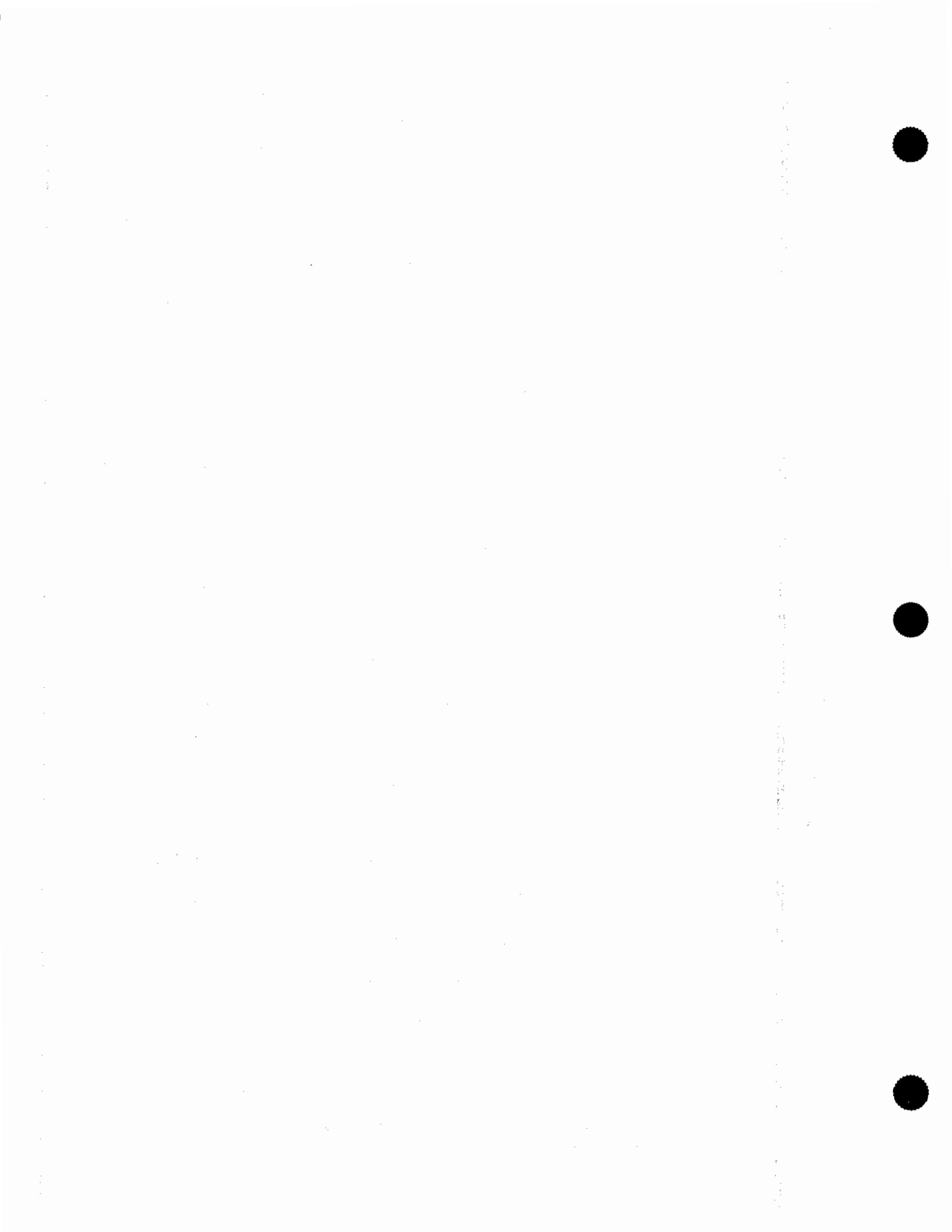


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that it's generated here in
southeastern Indiana. We look at all
the projects, the programs that the
revenue has supported that's been
helpful to improve the quality of
life for the people here in this
area, the job market, the people to
get jobs here at home.

And one thing that really hasn't been
touched upon by the previous speakers
is what it's done. It's helped
secondary education through the
foundations.

One thing we must take a look at
that, we were one of the areas here
in the state of Indiana that never
had an institution for a higher
education, and it's improved
immensely with the Argosy here, with
the city of Lawrenceburg, with Jerry
Lampkin, the president of Ivy Tech,
that has given our people, or anyone
that wants to advance their
education -- you're probably aware
that Ivy Tech has gone to a community

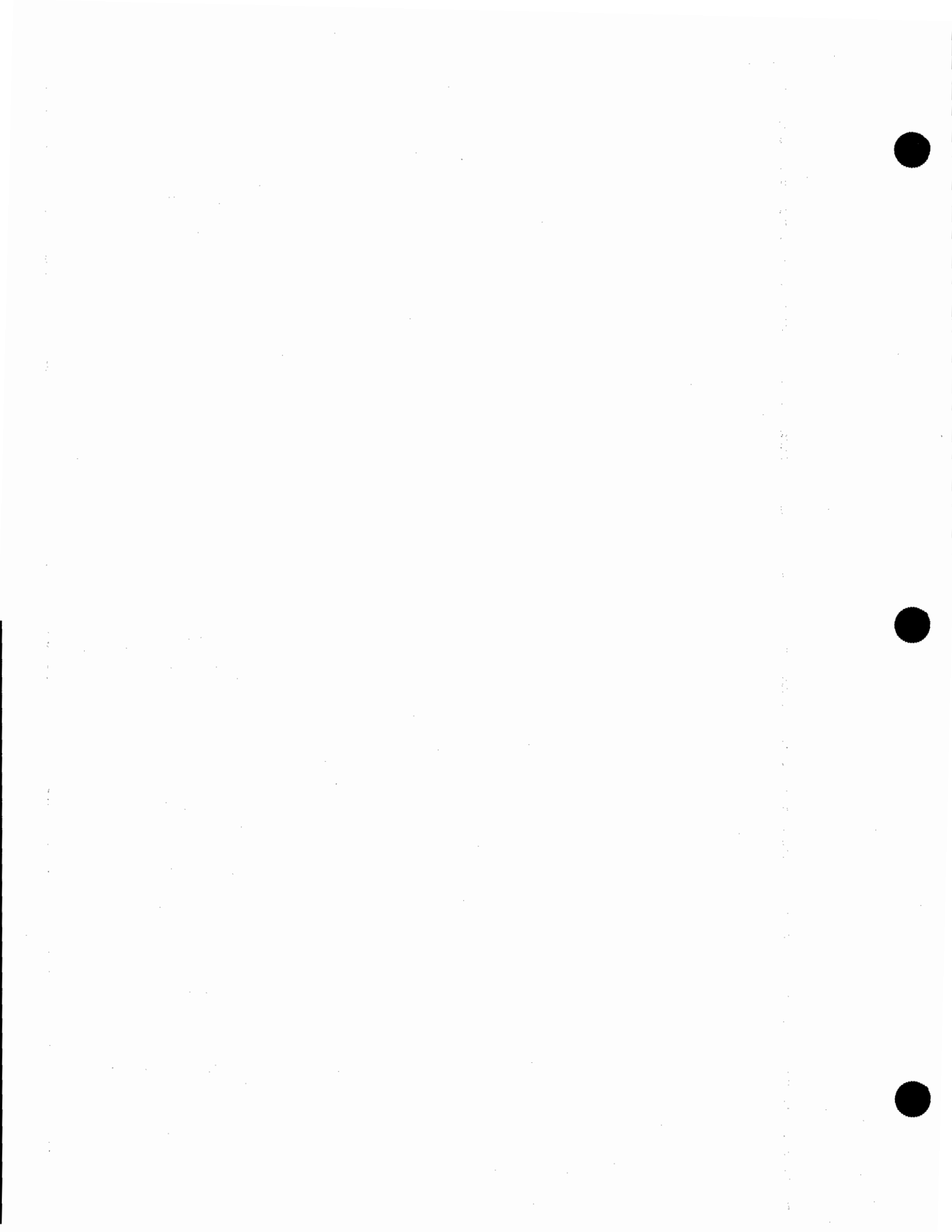


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college and now in the very near future you'll be able to get a bachelor's degree here at Ivy Tech. And with Argosy, with the city of Lawrenceburg, and with the state of Indiana, now our people can be competitive.

We're all aware that the high school diploma we have, those days are gone. Now to be competitive you have to have a college education, and it's going to give our people that opportunity with the Ivy Tech facility here in Lawrenceburg. So that's been a real asset that's come about through gaming here in southeastern Indiana.

We did have a couple other programs in our contract for space program that left our children or anybody that wanted to advance their education to go to Northern Kentucky University or University of Cincinnati or state college, and we also had our distance for education



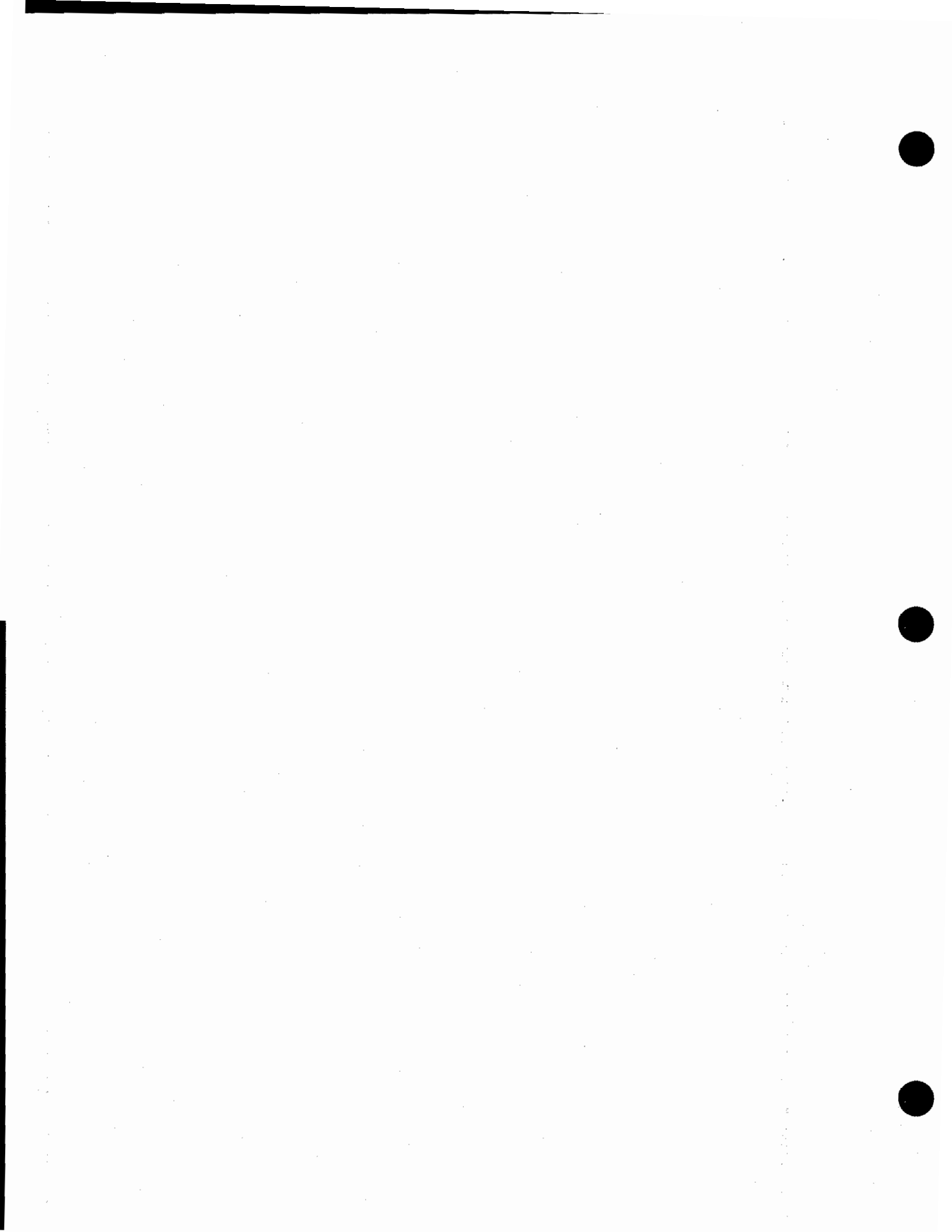
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learning program here.
But it's been very positive, we've
come a long way. Once the referendum
was passed, and I believe that was in
1994 or '95, at that time there was a
lot of reservations by the people;
but I think if you would look back
and see all the positive things that
come out of the gaming industry,
people would be very supportive that
live in this geographical area here
today.

And I guess being a legislator that
represents three boats, that I can
only pledge that I'll do whatever I
can to keep this industry moving in
the right direction. Thank you.

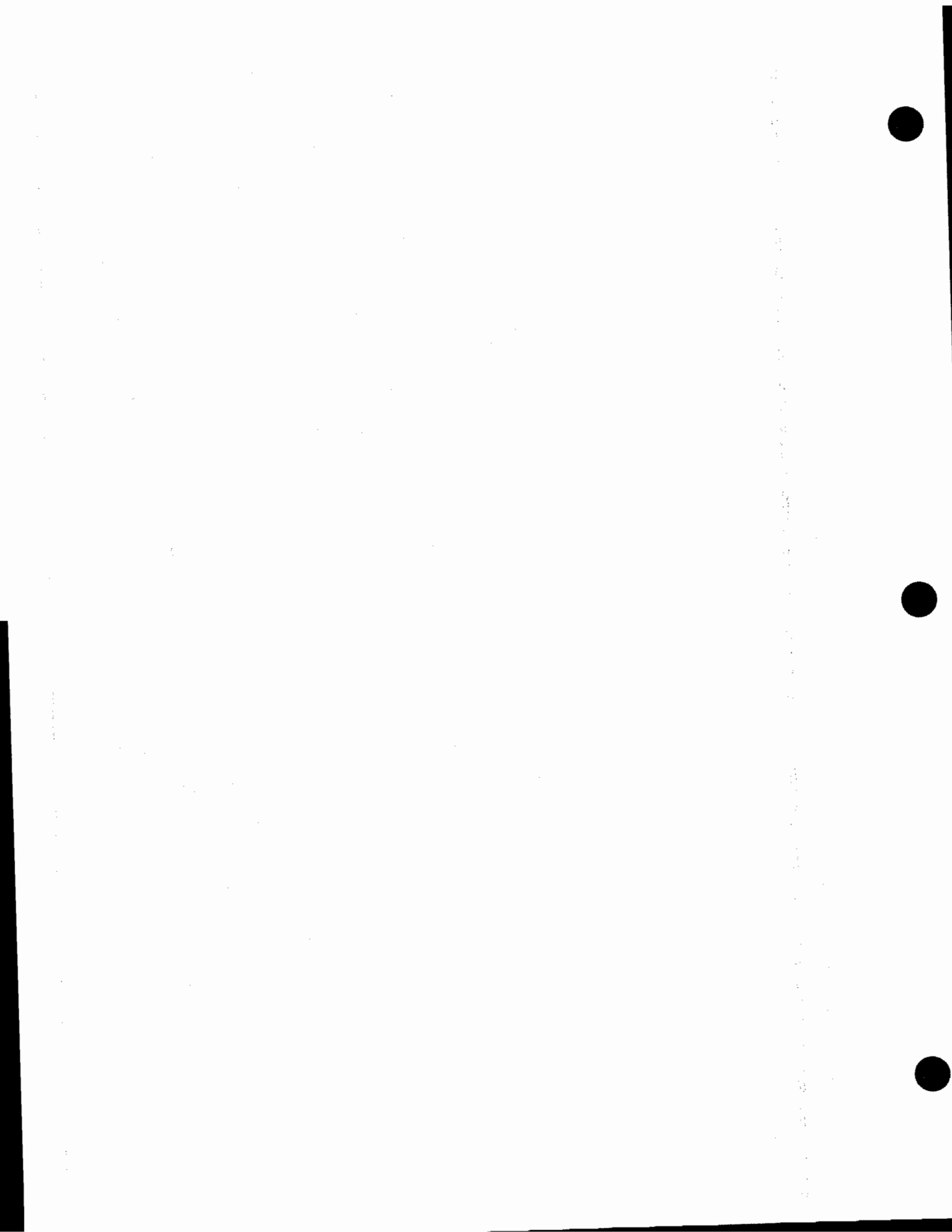
MR. KINSER: Thank you. Next I'd like to
introduce State Senator John Nugent.

MR. NUGENT: Good afternoon, good afternoon,
Mr. Chairman, members of the
committee. I am Johnny Nugent, I'm a
member of the Indiana State Senate
representing six southeastern Indiana
counties, including the home of



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Argosy Casino in Lawrenceburg as well
as Grand Victoria here in sunny
Rising Sun.
The primary purpose of my presence
before you is simply to express my
genuine support for all Indiana
riverboat casino industry in general,
but, however, more specifically for
Argosy Casino and Grand Victoria here
in Rising Sun.
Argosy in Lawrenceburg and Dearborn
County has advanced light years since
Argosy located in southeastern
Indiana in December of '96. Since
that time Argosy's grown from a
leased riverboat casino, as you know,
at the temporary dock to a 4,000
capacity riverboat casino permanently
docked for customers to visit and
enjoy.
Argosy is southeastern Indiana's
leading employer with more than 2,000
employees as well as one of the top
tourist attractions. It's a source
of great pride for me that the



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success has had such incredible impact on Lawrenceburg and Dearborn County as well as all southeastern Indiana. The multi-million dollars that has generated in gaming taxes and local fees for state and local government has been an incredible positive impact.

I volunteered repeatedly that had it not been for the significant tax revenue generated by the ten casinos over the past few years, our Hoosier state would have had a major tax increase on its citizens.

Members of the legislature like myself remain grateful to the riverboat casino industry for this revenue source.

Local residents, I think, should be very proud of the great achievements over the past six, seven years or so. Improvements are amazing; millions of dollars in community investments like better equipment for police and fire and EMS personnel, including fire



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trucks and fire departments and firehouses and facilities. They've all improved services to thousands of people with no cost to taxpayers. Wastewater treatment plants, parks, municipal services, recreational facilities, flood protection, sidewalks, city streets, and blacktopped county roads, something we've not been accustomed to in rural southeastern Indiana as in metropolitan cities.

Storm sewers, swimming pools, as well as an endless list of ongoing infrastructure projects throughout the area have all improved the quality of life, again, at no cost to taxpayers.

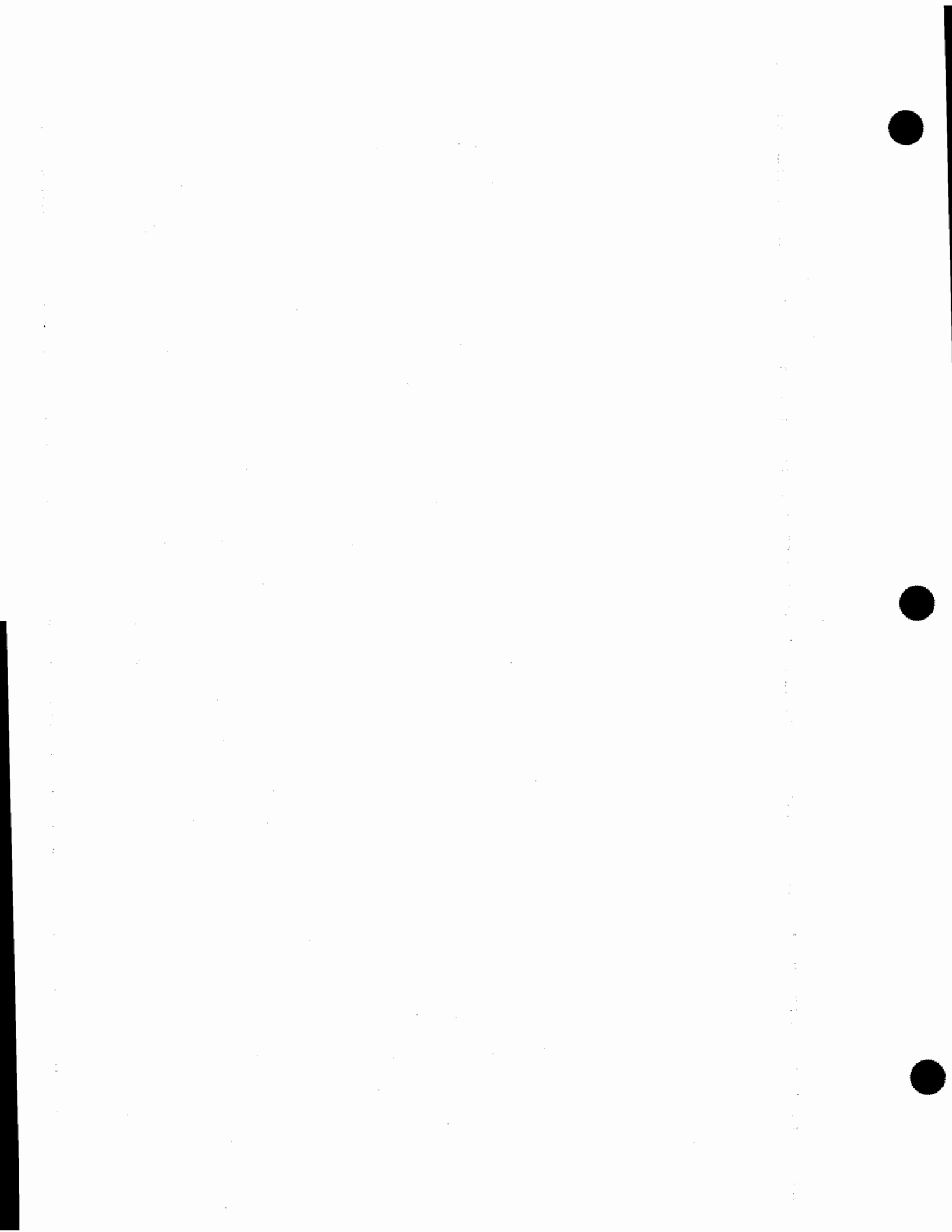
When I stood before the Indiana State Senate on the evening of June 22nd, 1993, over ten years ago and presented the riverboat amendment which passed into the budget bill and became law, I never fully realized at the time the magnitude of its impact.



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I remember suggesting to my colleagues on the senate floor during my presentation that this measure would prove to be the largest job-creating economic development opportunities bill ever considered by the Indiana General Assembly. I had no idea what I was talking about, but it's proven to be tenfold what anyone ever dreamed of.

With regard to Argosy, they remain a genuine first-class corporate neighbor for southeastern Indiana. And, Mr. Chairman, members of the commission, I fully realize that your hearings here today are separate from Argosy and later today Grand Victoria; but if I may, my remarks -- I echo my remarks as they're ditto for Hyatt Grand Victoria Casino. They are, too, a class act, and I am very happy to strongly support the two casinos in our immediate area here for they are a class act here in Rising Sun having contributed



1 extensively to the quality of life in
2 the area, and I'm very proud to call
3 them good friends and good neighbors.
4 I care, and I want to continue to do
5 all I can to see our area riverboats
6 remain a healthy industry.
7 And, more importantly, Mr. Chairman,
8 members of the committee, thanks for
9 all that you do. Thank you.

10 MR. KINSER: Thank you, Senator. Next I'd like to
11 introduce Mr. Joe Awad. Joe is the
12 editor of the Dearborn County
13 Register and is the administrator of
14 the Warm the Children charitable
15 foundation.

16 MR. AWAD: Hi, everybody, my name is Joe Awad,
17 I'm the publisher of Register
18 Publications, which has two
19 newspapers in Dearborn County,
20 countywide circulated newspapers.
21 You'll have to bear with me, I'm not
22 a public speaker. Formality isn't
23 necessarily my strong suit.
24 But I'm part of Dearborn County's
25 grass roots. I've worked in



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Lawrenceburg for over 20 years. I've lived in Aurora for nearly 15 years, and in Dearborn County for nearly 20 years. I can positively state that the county is far better off with the boat than without the boat.

I can remember doing several stories as a reporter about how we struggled in our county giving people basic needs. We can do a lot more of that now.

One of those needs is the Warm the Children program. This is an effort, through our newspaper, which we clothe more than 500 Dearborn County children a year in sensible clothing. It's a totally volunteer program through which volunteers in the community are coordinated by our newspaper staff, and volunteer shoppers shop for these families with a voucher at Wal-Mart.

In the eight years that we've had the program, we've raised about \$300,000. \$50,000 or more has come from Argosy.



1 And that may not sound like a
2 tremendous figure with all these
3 millions and millions being thrown
4 around, but it's nearly 20 percent of
5 the program and it makes a big
6 difference in our county.

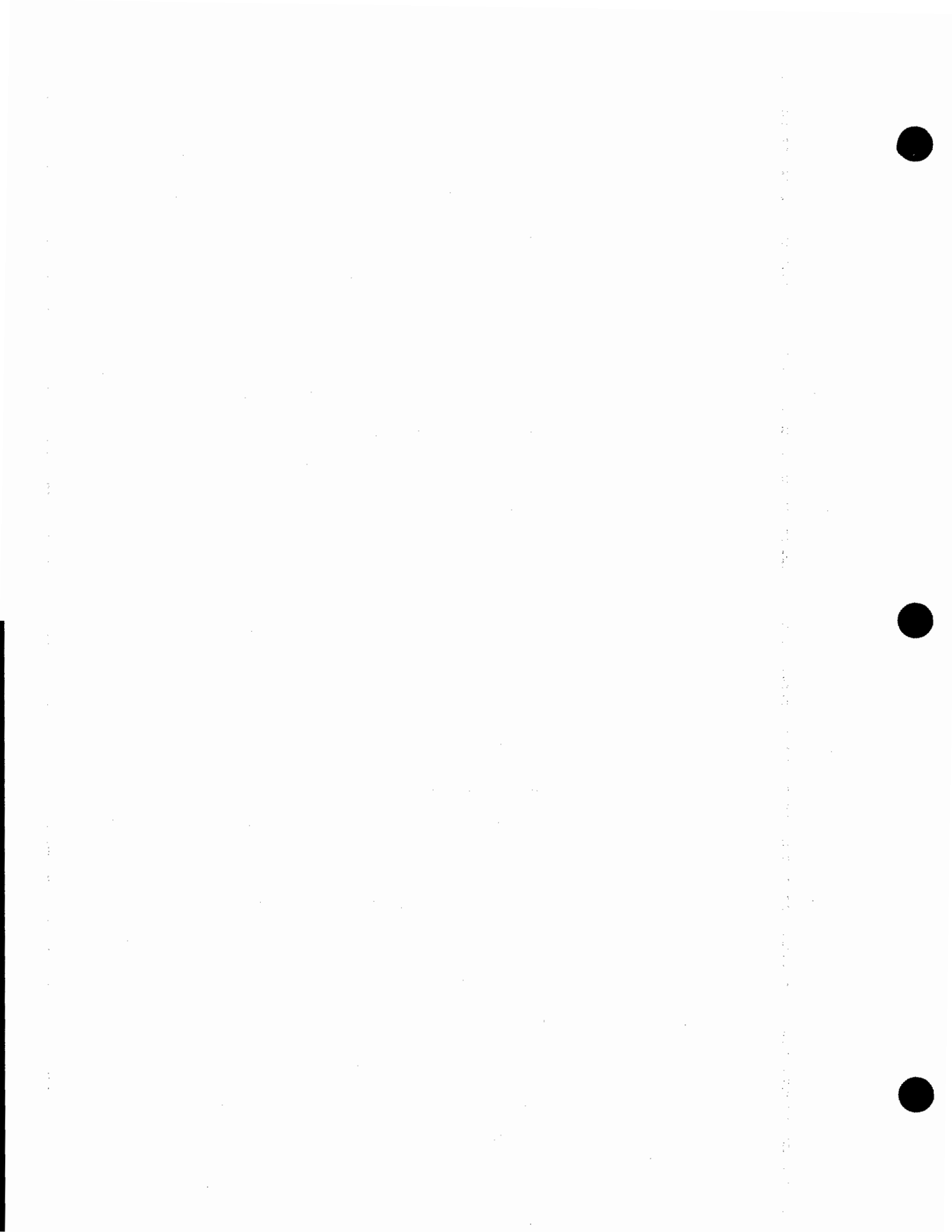
7 Argosy supports the program by how
8 many victories the Cincinnati Reds
9 have in a year, and if my memory
10 serves me correctly, that was about
11 75 last year. And, you know, that
12 may not be world championship play,
13 but as far as we're concerned this
14 program has been a grand slam and
15 Argosy has contributed greatly to it.
16 Thank you.

17 CHAIRMAN VOWELS: Thank you.

18 MR. KINSER: Thanks, Joe. And finally I'd like to
19 introduce the man that we are -- that
20 we are pleased is the mayor of our
21 home dock city, William Cunningham,
22 the mayor of Lawrenceburg.

23 MR. CUNNINGHAM: Thank you, Larry, and thank you,
24 commission. This is a great
25 experience to appear before you

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representing the city of Lawrenceburg
and also Argosy Gaming.

Without Argosy, the city would still
be dying like it was eight years ago.
But thanks to their input and what
we've been able to do, the city has
moved forward.

I could keep you here till 4:00 to
tell you all the good things, but I'm
sure you've read those in the
brochure, and everything you read
there is true. They're very good
corporate friends, they made great
improvements in our community, but it
seems like the major topic that I've
listened to while sitting back here
is the negative part on the crime
issue.

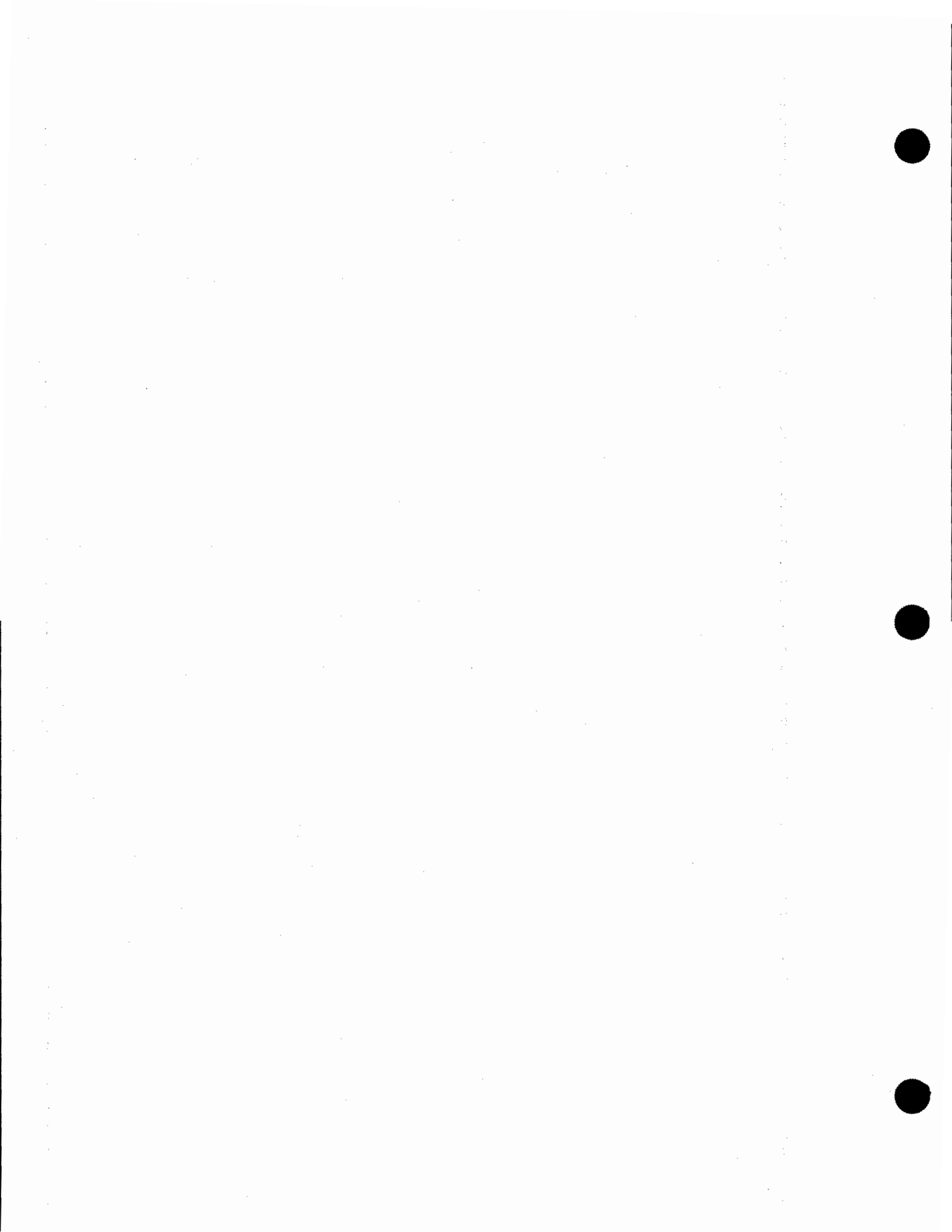
The judge that you spoke of, when he
was seated on the bench in his first
term, county had a population of
around 22,000. Today the population
is 50,000.

You made a comment on police
officers. We have 20 police



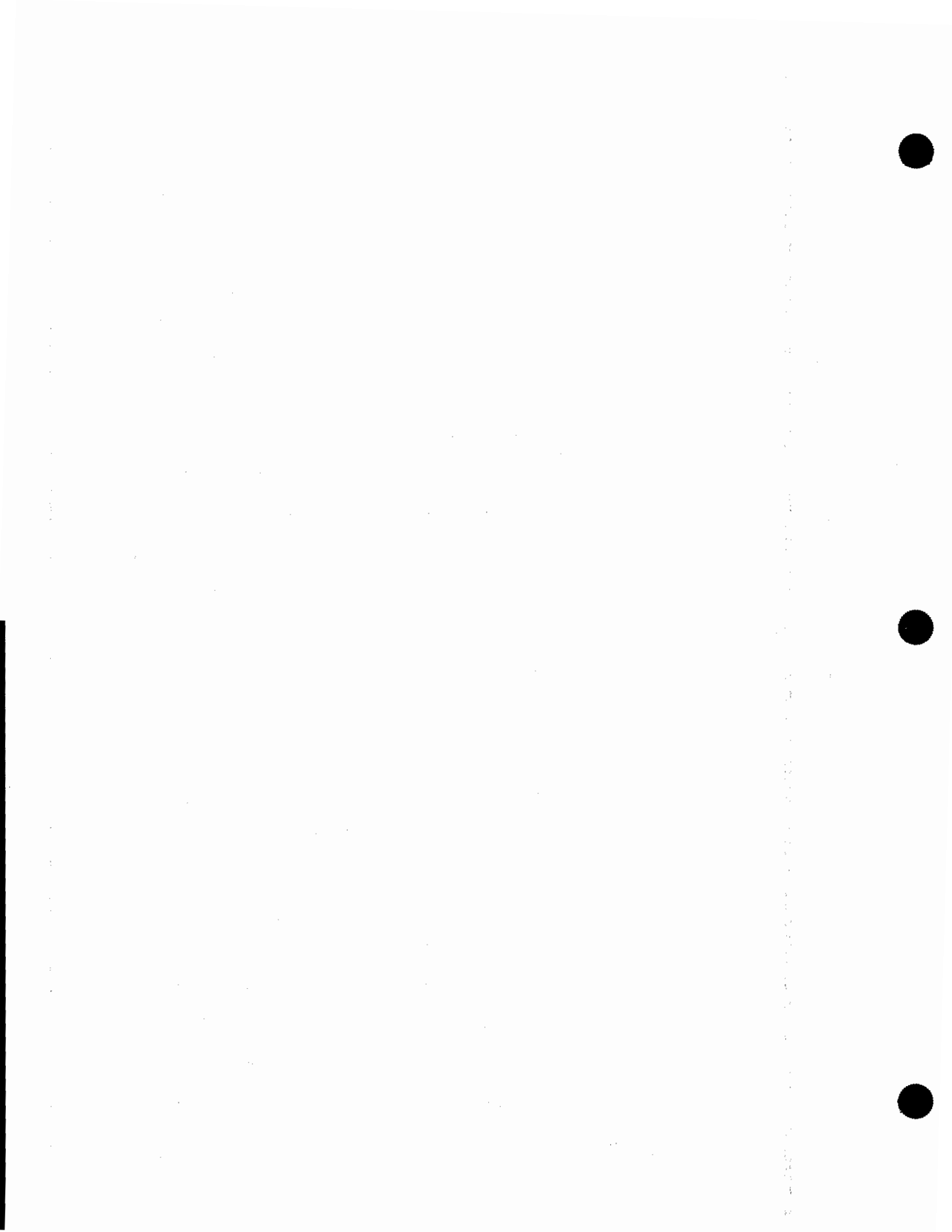
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officers, one for every 225 citizens. I don't think you'll find that ratio anywhere else. Most of the crimes that are handled by the court system, the gentleman was just here, it's such a large community they still have time to put everybody that's arrested's name in the paper, so every Tuesday and Thursday you can see who's arrested. And, luckily, the mayor hasn't been in there yet. Most of those arrests take place 20 to 30 miles away from this casino. I won't tell you that there aren't DUIs and there aren't public intoxications, but you have to remember we also are home to Seagram's Distillery, so it might not all be related to the gaming casino. Crime has increased, but I think it's mostly due to the population increase in the county. We're the fifth largest growing county in the state, and thanks to riverboat gambling we have been able to take care of that



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growth.
They're great corporate citizens,
they work well with the city.
Sometimes they want a little bit too
much but sometimes we do too, and
somewhere along the line we manage to
agree.
The agreement we entered into to
return some of the funds to them was
questionable at the state level, I
know, but that was not tax revenue,
that was money from the development
agreement. That was negotiated with
Argosy when they came to
Lawrenceburg, Indiana.
In return for our \$50 million
investment over ten years, they'll
probably have an initial investment
of \$150 million that will guarantee
revenue to the city of Lawrenceburg
but also to the state of Indiana.
I think if all the gaming companies
and all the communities work together
to do this, it would make your job
easier and make a job like mine



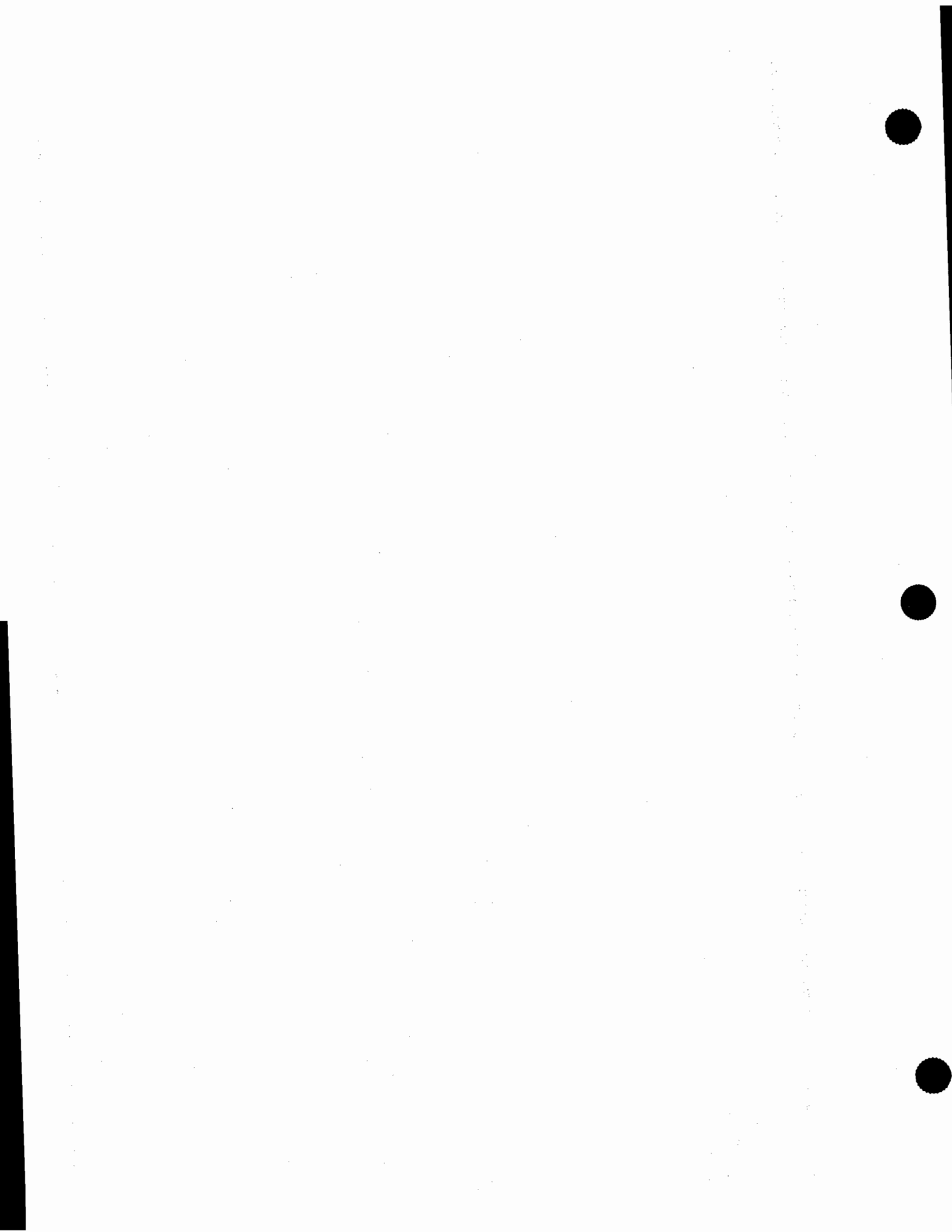
1 somewhat easier. It's hard to get
2 much easier with the revenue we have,
3 I won't lie to you. It's very
4 fortunate that a small town can do
5 that.
6 But I speak highly of Argosy, and I
7 ask you to consider to continue their
8 operation in our hometown, and we'll
9 work hard to see that we hold our end
10 up. Thank you.

11 CHAIRMAN VOWELS: Thank you, Mayor.

12 MR. KINSER: Mr. Chairman, that concludes our
13 formal program. Certainly we would
14 be happy to answer any questions.
15 A year ago when I stood before you,
16 you asked me if I wanted to say
17 anything, and all I said was I'd
18 appreciate it if you would renew our
19 license and I repeat that today.

20 CHAIRMAN VOWELS: Thank you. We had a sheet for
21 public comment. Only person that
22 signed up was someone who spoke in
23 this last group, so -- unless I'm
24 missing something.

25 Okay. With the other commissioners,



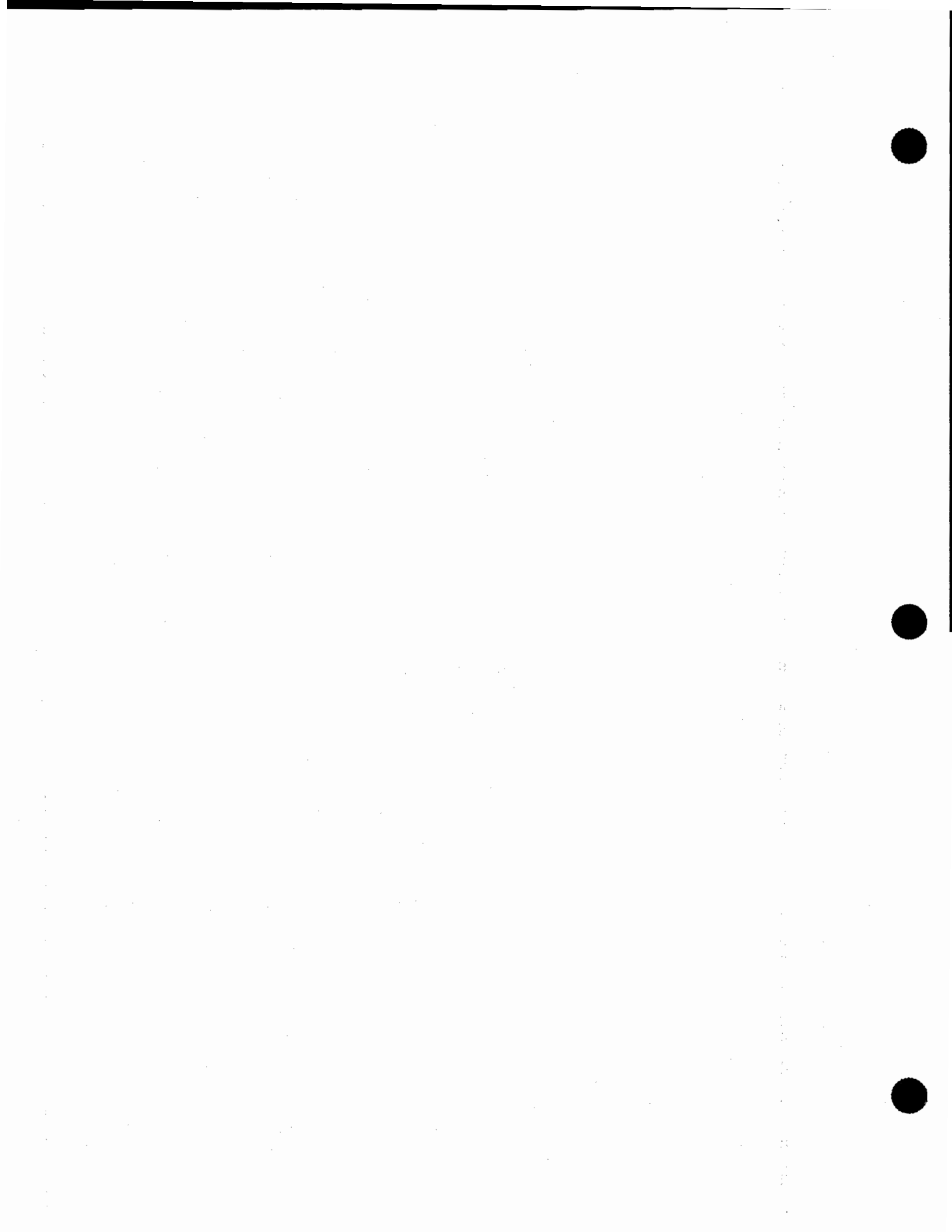
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are there any questions that you would have for any of the people that have come before us here?

We have the extensive investigation that the state police does, we've gone through all that, and we have the portion of this which is public record. We've got the eight-year license renewal analysis of Argosy Casino and Hotel that was prepared by the Center for Urban Policy and the Environment that Mr. Klacik addressed earlier.

I don't really know that I have any questions. All of these documents and the things that we heard in support of Argosy and the licensing have answered any questions that I had.

I don't know if the commissioners are just ready to take a look at renewing the license, the order on that, whether we're going to do that or not. Is there any reason why we shouldn't move forward and just



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address that order at this time?
Does anybody have anything they'd
like to say?

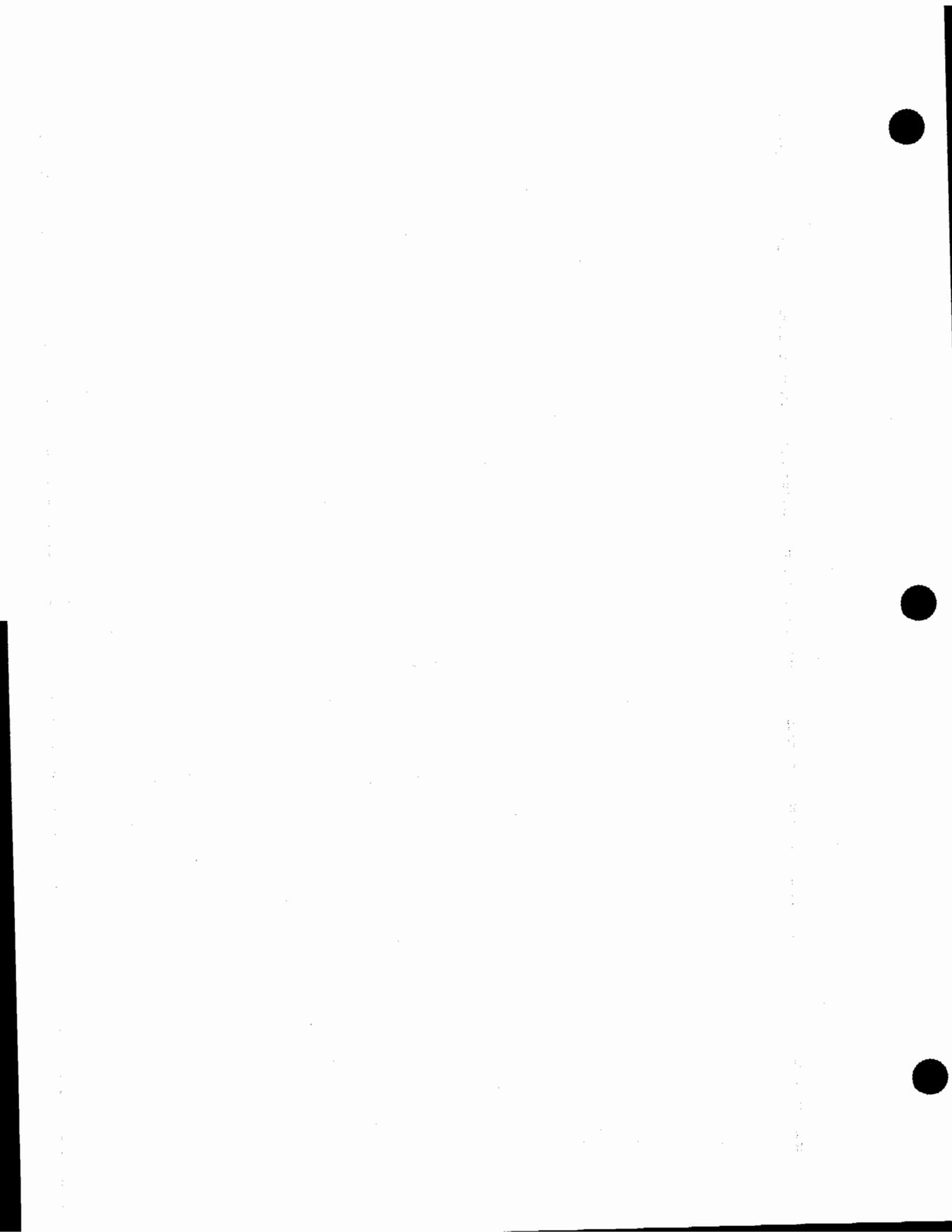
MR. BARLOW: I don't see any reason. This almost
is the situation we were confronted
with in Orange County.
We've had tremendous support from the
local community for Argosy, and that
means a lot to me as a commissioner,
how the locals view the operation.

CHAIRMAN VOWELS: Mr. Lawrence or Mr. Osborn, is
there any legal reason why Indiana
Gaming Company, LP's license couldn't
be renewed?

MR. OSBORN: No, Mr. Chairman.

CHAIRMAN VOWELS: All right. If there's nothing
further, look at this, we have in
front of us an order for the Indiana
Gaming Commission renewing the
riverboat owner's license of the
Indiana Gaming Company, LP.
This would go for a period of one
year, December 10th, 2004, to
December 9th, 2005.

They've submitted their payment of



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their annual renewal fee of \$5,000,
and this is pursuant to the Indiana
Code one-year renewal period.
Is there a motion in reference to
renewing their riverboat owner's
license?

MR. BARLOW: I'd move that we adopt the order.

CHAIRMAN VOWELS: And is there a second?

MR. MILCOUREK: Second.

CHAIRMAN VOWELS: Is there any further discussion?

All those in favor of renewing the
riverboat owner's license say aye.

(Aye responses given.)

CHAIRMAN VOWELS: Show that it is improved.

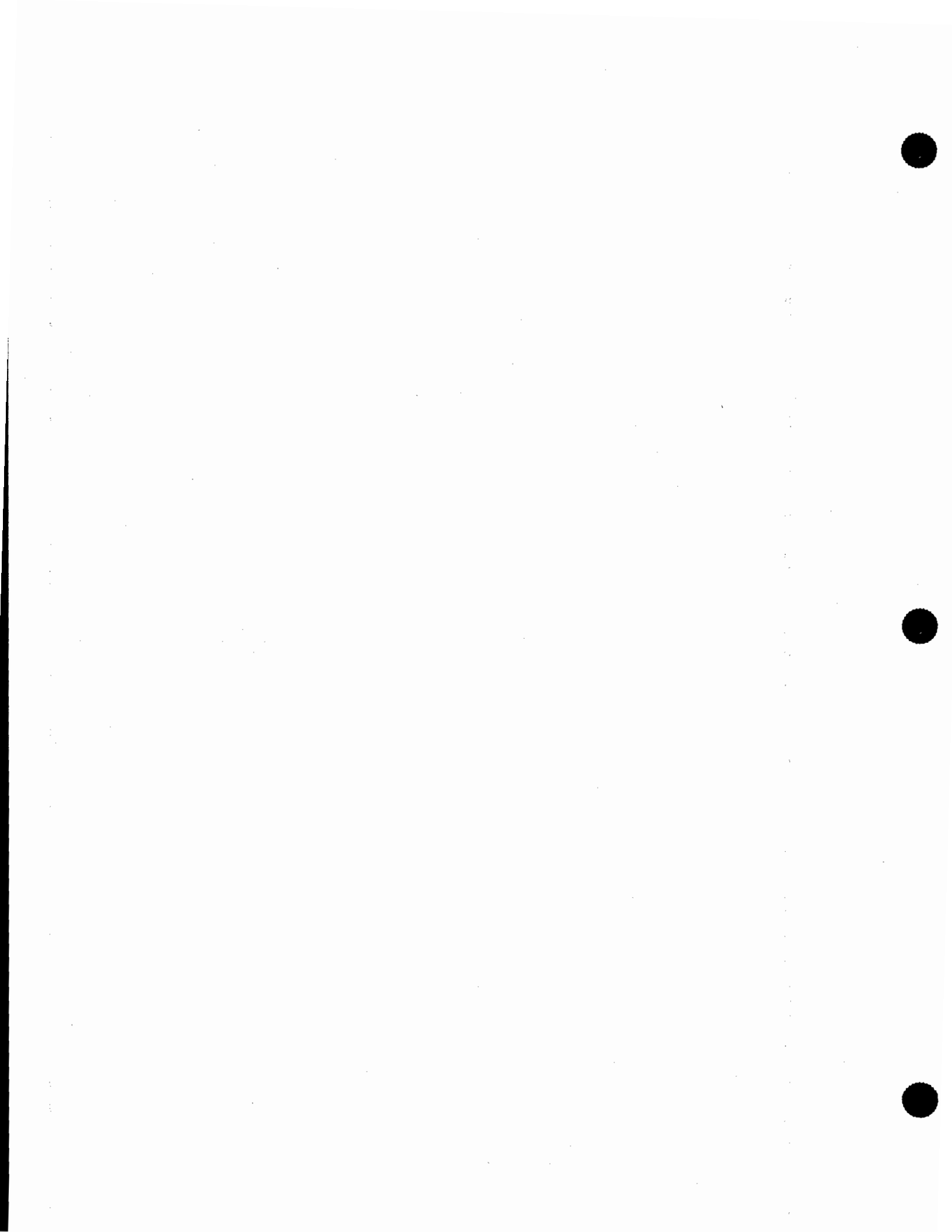
Congratulations.

(Applause.)

MR. KINSER: Thank you.

CHAIRMAN VOWELS: Thank you.

The game plan now, we're actually
almost exactly on time, I think.
It's 1:15 here. So what we'll do is
take a 20-minute break -- and you
know how that works, but really let's
try to keep it 20 minutes -- so that
Argosy can do whatever they've got to



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do to wrap their stuff up and get Grand Vic to be able to get their stuff ready.

So we will come back here, I swear, at 25 minutes till the hour.

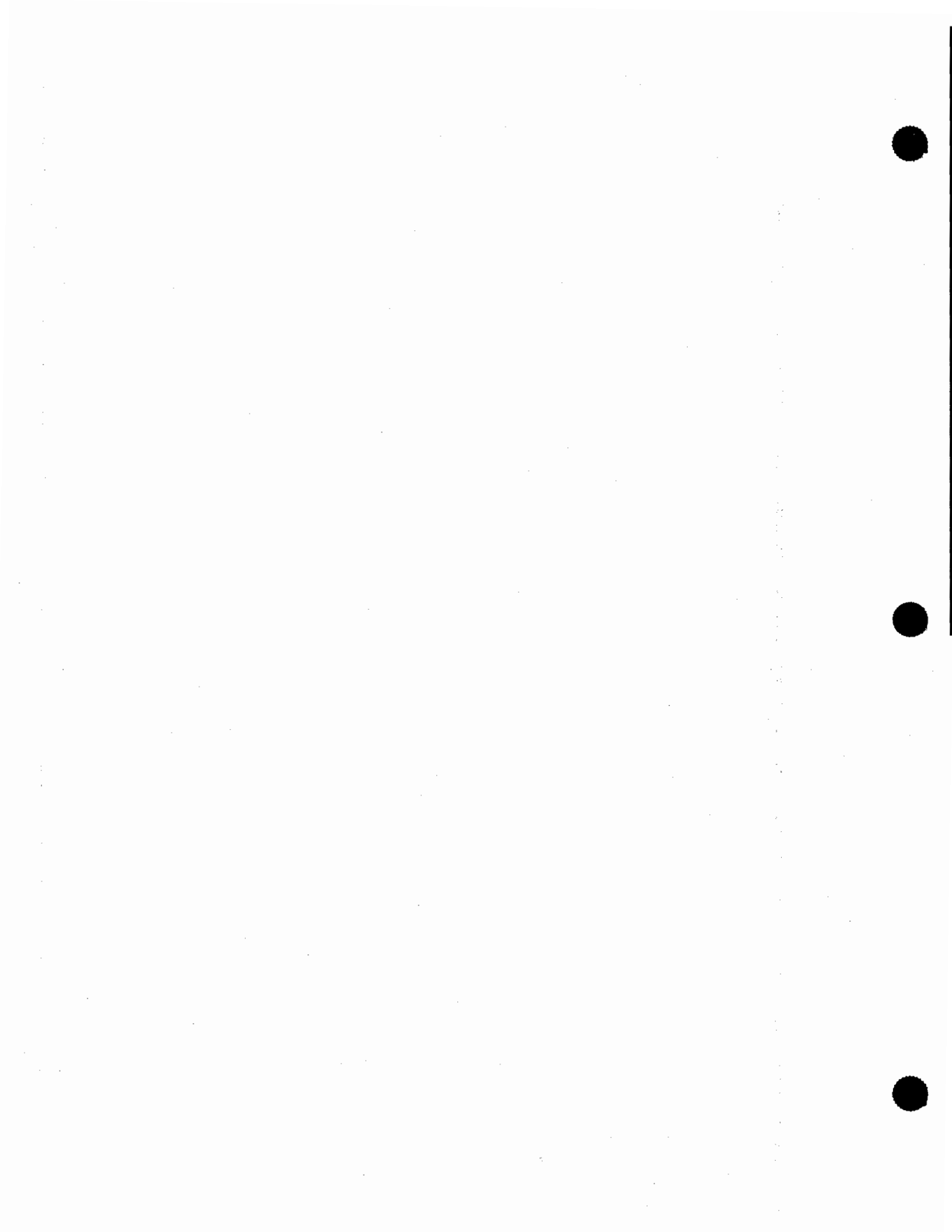
(Short break taken.)

CHAIRMAN VOWELS: All right. We'll go ahead and call the meeting to order. Show that we do have a quorum.

And this is the time for the discussion of the -- or the presentation of the possible relicensing to Grand Victoria Casino, and -- I just like to say that, just in case.

So we will begin with Mr. Klacik again from the Center for Urban Policy and the Environment.

MR. KLACIK: Hello again, Mr. Chairman, commissioners, Executive Director Lawrence, and gaming commission staff. My name is Drew Klacik, and as far as I know I'm still a policy analyst at the Center for Urban Policy and the Environment.



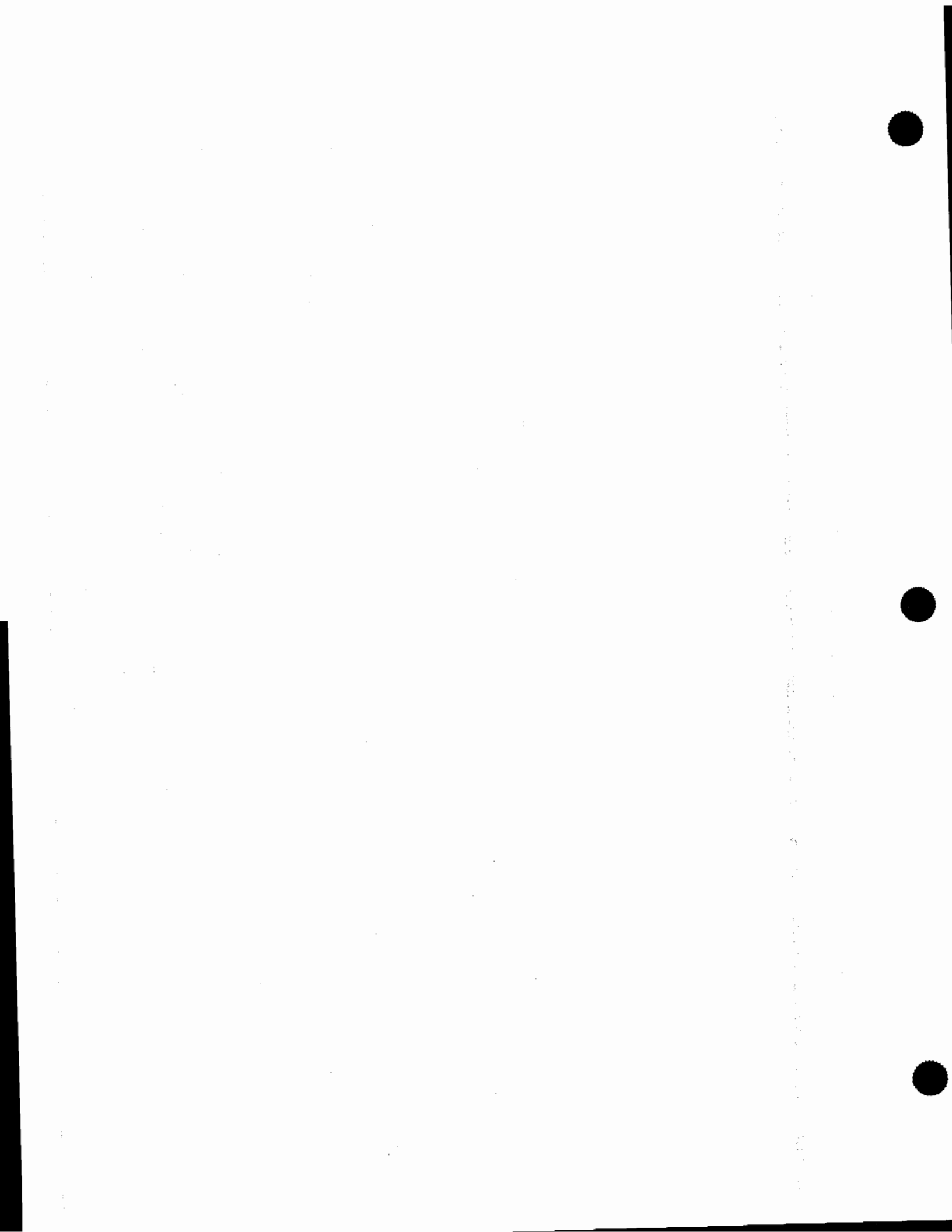
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We are now presenting our fifth eight-year report on the performance of Indiana Riverboat Casino's eight-year license reapprovals and, as you may recall, we analyzed a wide variety of economic, fiscal, and social issues in the report that we prepare for you all.

I think I will summarize briefly some of the highlights from that report. In terms of local spending on capital investment and operations, Grand Victoria has spent about \$20 million during the course of their operation, about 6 million which has been spent since the five-year evaluation was completed that covered the period January of 2001 through July 31st of 2004.

They spent over half a million dollars in contributions to local area organizations, 400,000 of which has been spent since the five-year application.

Annual average employment at the



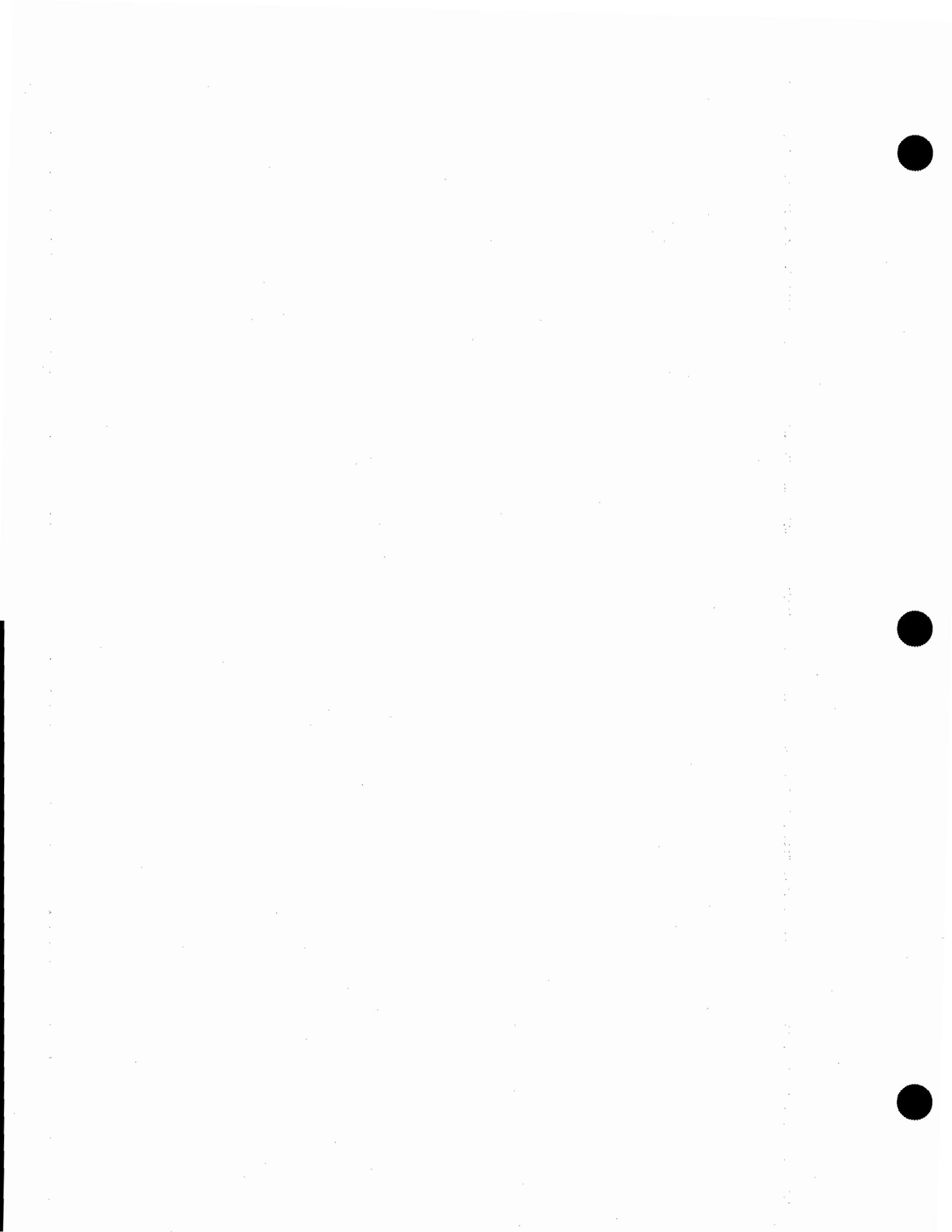
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Grand Victoria has been, over the eight-year period, 1,504. As of July 31, 2004, employment at the Grand Victoria was 1,254. Approximately 3 percent of the employees were minority, 29 percent from Ohio County, and 55 percent from the surrounding counties, Ripley, Dearborn, Switzerland, and Jefferson. Total wages over the eight-year period exceed \$287 million.

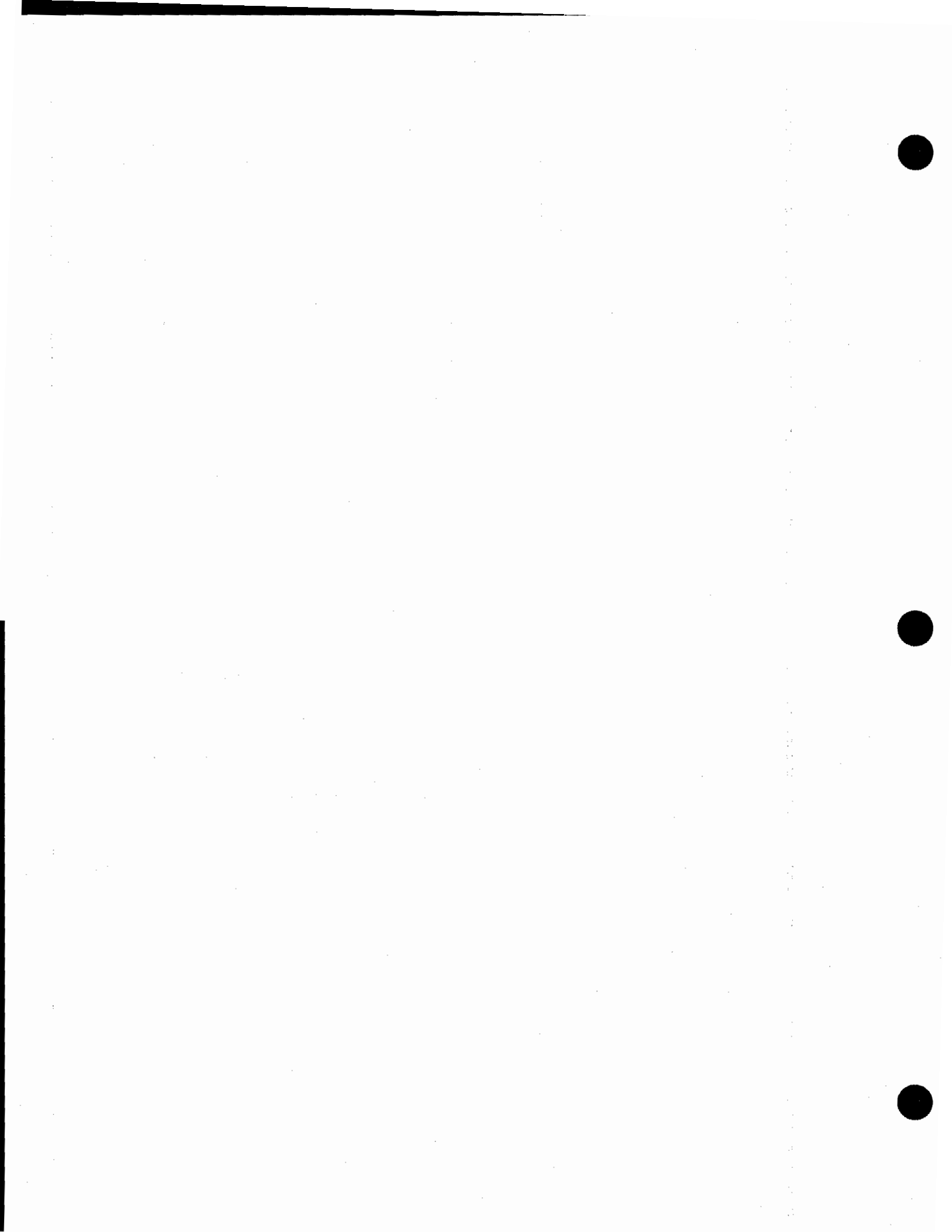
Over 32 million was paid to employees in the year 2003, the last full year before our study was completed. The average per employee in 2004, as of again July 31st, was \$24,192.

Over \$102 million in local tax revenue has been generated by the Grand Victoria. The largest single source was gaming tax, \$54 million, and approximately \$4.6 million in property tax has been paid by the boat.

One of the reasons I mention that, I forgot to mention this last time, is



1 that money does apply towards local
2 schools. Nearly 30 million in
3 incentives has been generated, over
4 25 of which has been given to the
5 Rising Sun Regional Foundation.
6 Fiscal impact of the Grand Victoria
7 in Rising Sun and Ohio County is
8 similar to that of the Argosy in
9 Lawrenceburg, and that's they've had
10 a positive fiscal impact at the end
11 of the five-year evaluation, and none
12 of the changes in gambling
13 legislation has affected that. The
14 riverboat remains having a positive
15 fiscal impact on the local community.
16 In terms of the economic impact, the
17 thing -- as you may recall, the
18 information we looked at is the
19 spending of the locally generated tax
20 dollars and local incentives by local
21 governments and local foundations.
22 Since the opening of the Grand
23 Victoria, spending by the -- spending
24 of gaming-related taxes and
25 incentives by the city of Rising Sun



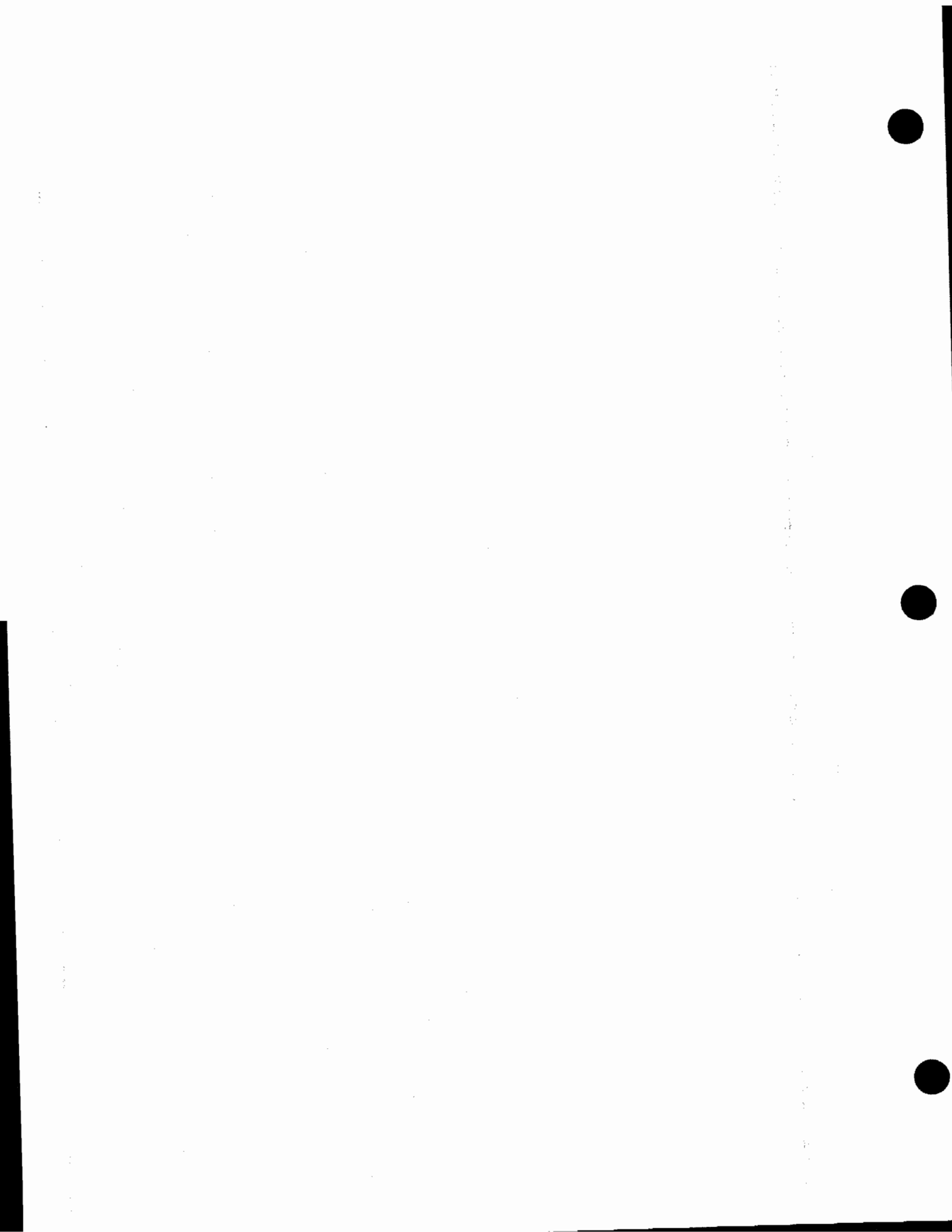
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and by the Rising Sun Regional Foundation has generated about \$99 million of total economic impact, approximately \$29.5 million of new wages, and over 1,700 jobs.

In the last three years, since our last five-year evaluation, there's been approximately \$30 million of total economic impact, about \$9.5 million in new wages, and over 500 jobs.

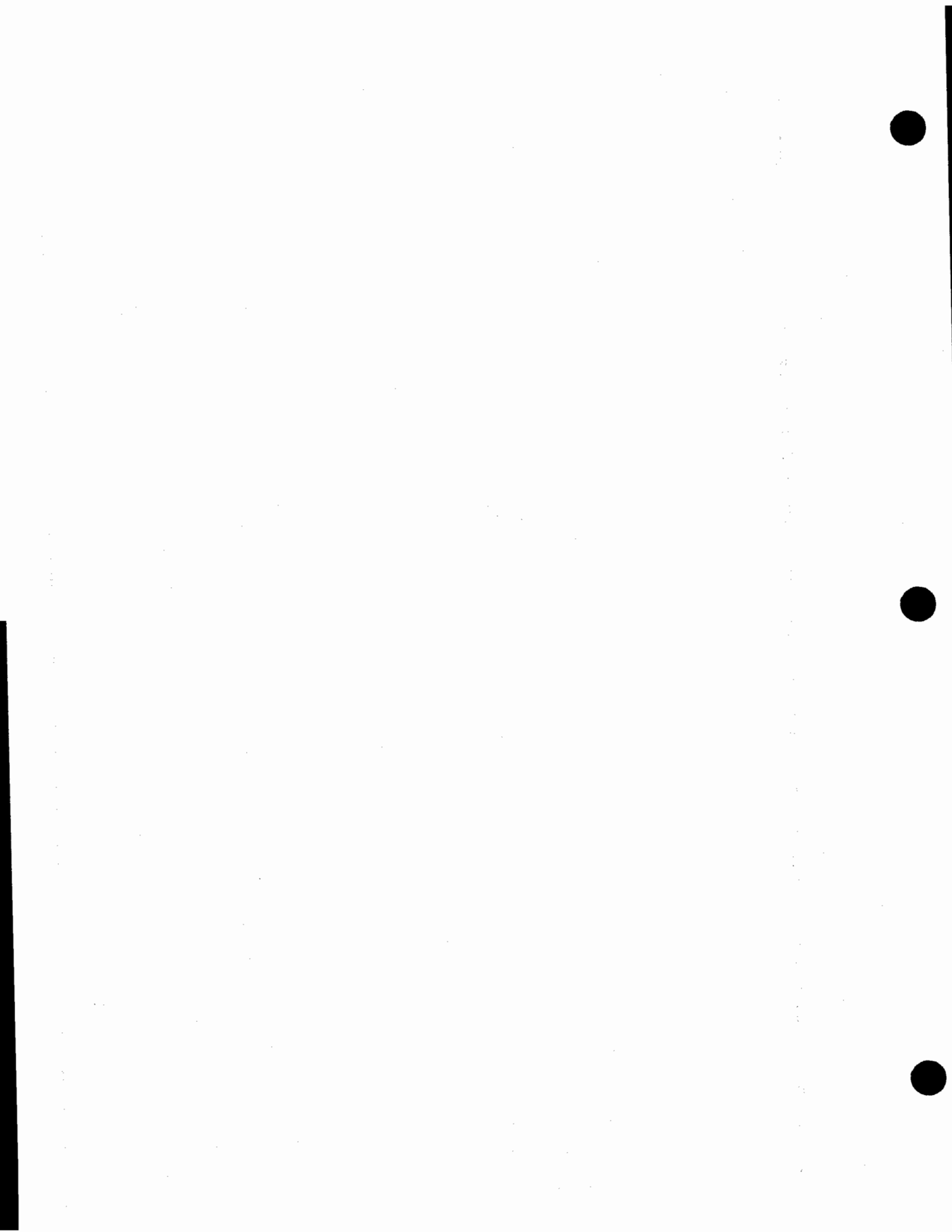
As I said last time, equally important to that short-term immediate impact of the spending dollars is the change in economic competitiveness region as a result of how local government and foundations spend that money.

The regional sun -- Rising Sun Regional Foundation remains an exemplary foundation in the way of spending its dollars. I'm sure you'll hear this from others, but much of -- over 25 percent -- no, excuse me, over 12 percent of their



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revenue has been spent on capital equipment, over 60 percent on infrastructure and new construction, or on building rehab, all of which are permanent investments which we believe will have long-term economic impact -- positive economic impact in terms of economic competitiveness. We also, as you'll recall, conducted a survey of the employees of the riverboat, and what we found were 42 percent of those who began work at the Grand Victoria in the last three years were unemployed prior to getting work there. That's up from 31 percent who were unemployed during the five-year survey. As with most other boats, many of those who previously were employed worked in either the service sector or retail sector and experienced increased income when they began work at the Grand Victoria and, interestingly enough, 20 percent of those who began work at the Grand

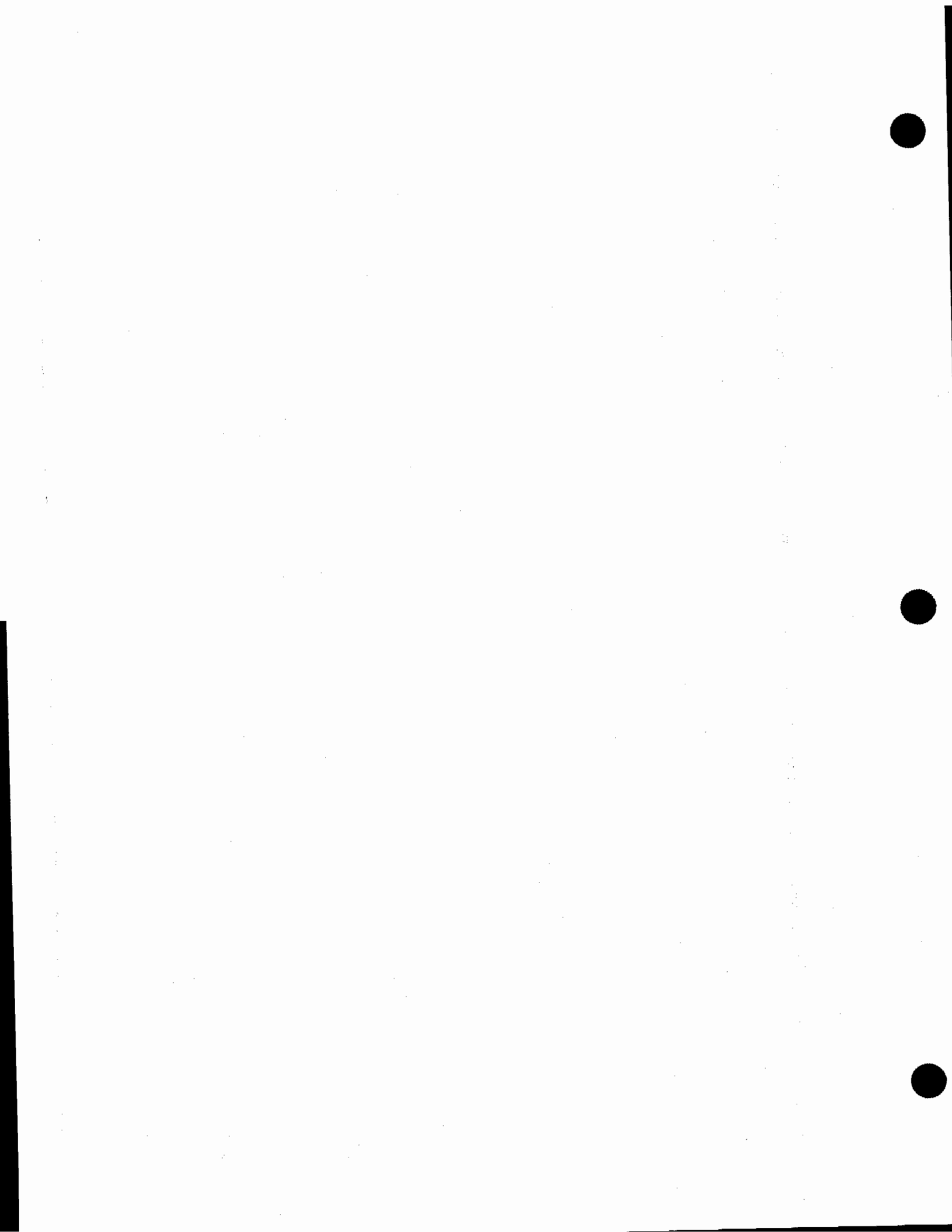


1 Victoria who were previously employed
2 also worked at another casino prior
3 to beginning work at Grand Victoria,
4 which suggests that they're passing
5 each other as they move back and
6 forth between Grand Victoria and the
7 Argosy.

8 Average length of employment for
9 respondents to the survey was 4 years
10 and 11 months, 29 percent of those
11 who responded to the survey have
12 worked two years or less, and 44
13 percent have worked 7 years or more.
14 In the case of the Grand Victoria,
15 most worked full-time, only 12
16 percent worked less than 35 hours a
17 week.

18 The average income of those who
19 responded to the survey was \$34,080,
20 which is higher than the overall
21 average employment of 24,192.

22 Thirty-six employees reported buying
23 their first home since they began
24 work at Grand Victoria, 42 moved from
25 one house to another house during



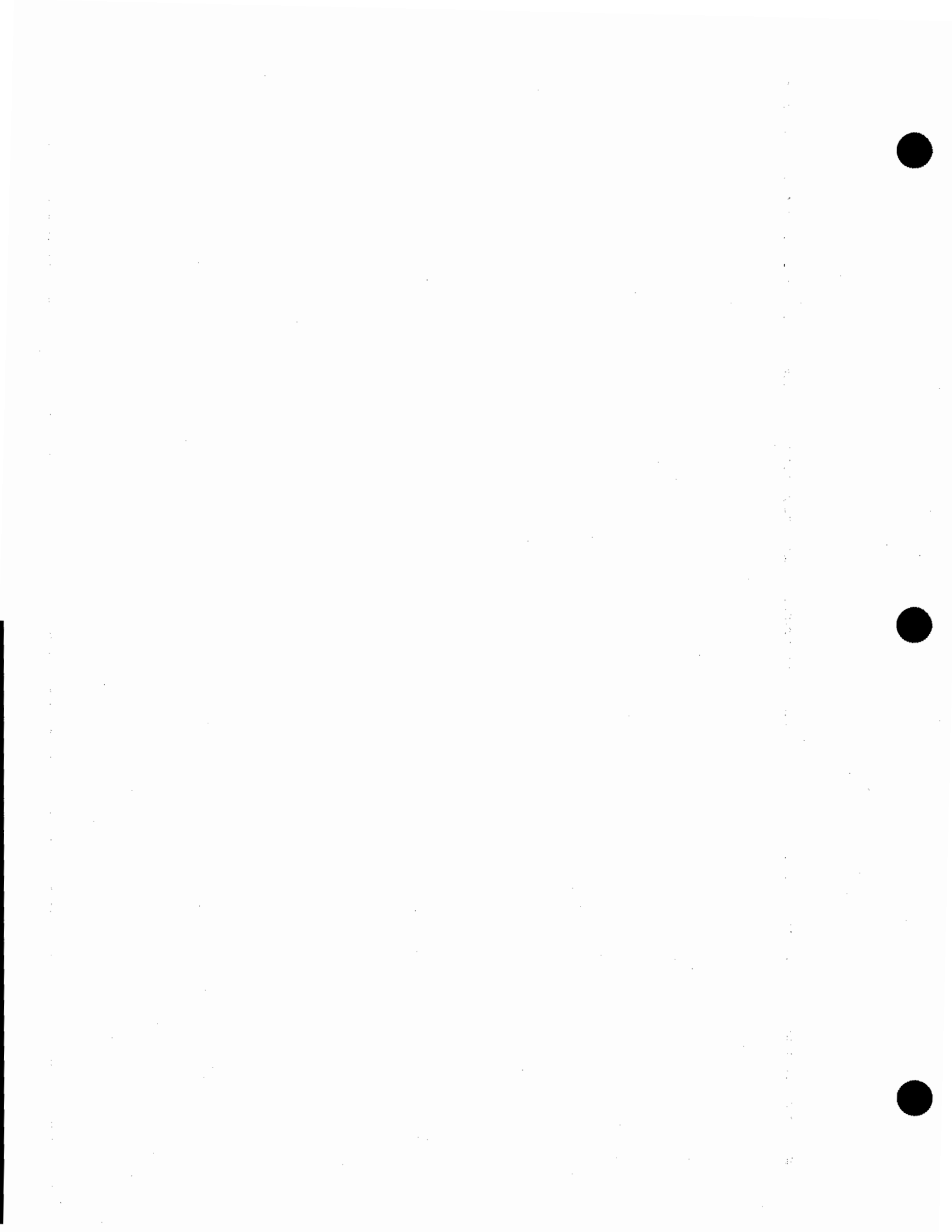
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their time of employment, 64 made significant home improvement investments, and 138 purchased a truck, car, van, or SUV. In terms of training, the responses from the Grand Victoria individuals are very similar to responses for virtually every other riverboat. Very many of them, 64 percent in this case, reported receiving job specific training less only 14 percent report receiving tuition reimbursement and 16 percent reported paying for additional training for education out of their own pocket. As with the Argosy, the longer you worked at the boat the more likely it was that you accessed one or more of these forms of training. When we looked at changes in the local economy since the boat opened, one of the most interesting things we see is that unemployment rates in Ohio County vastly exceeded the state of Indiana's overall unemployment

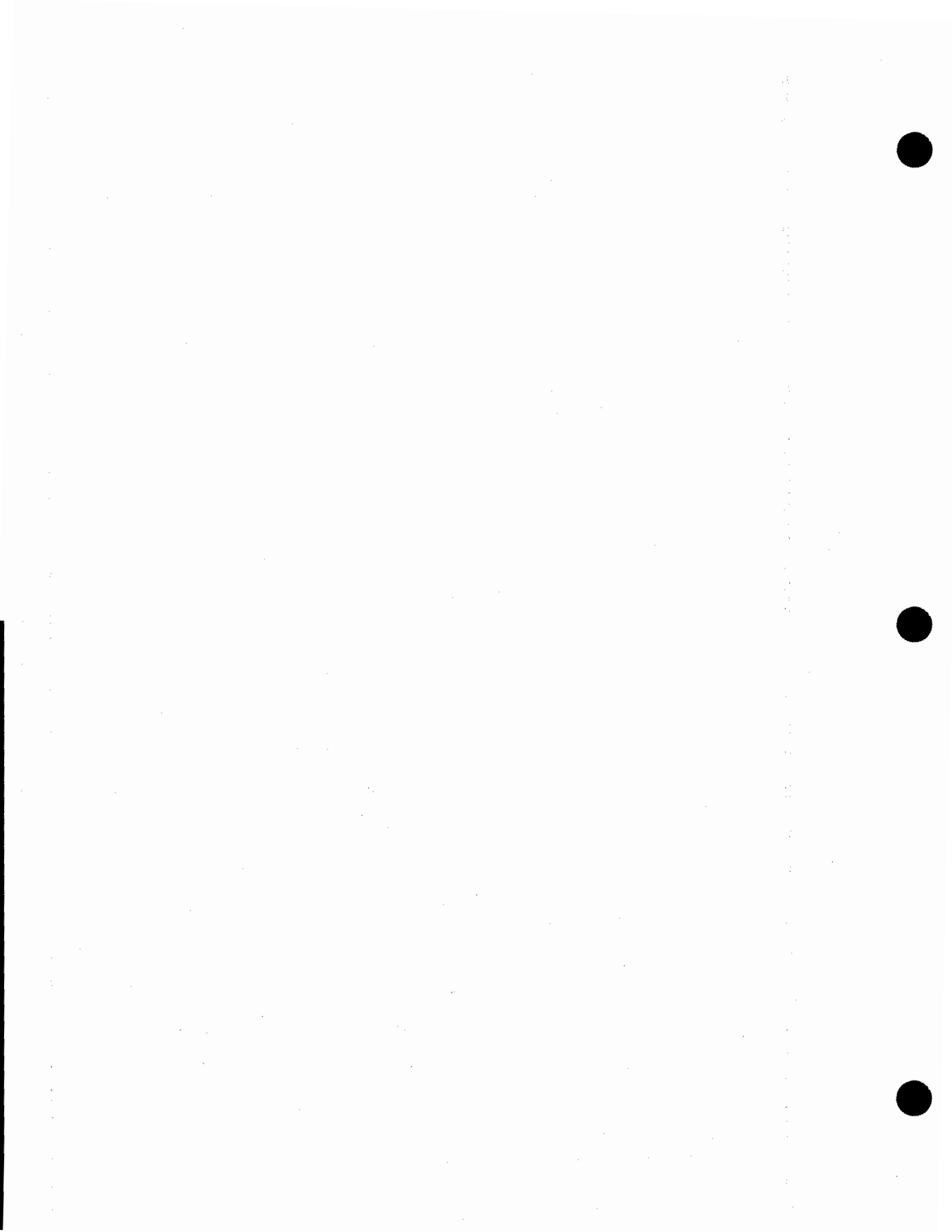


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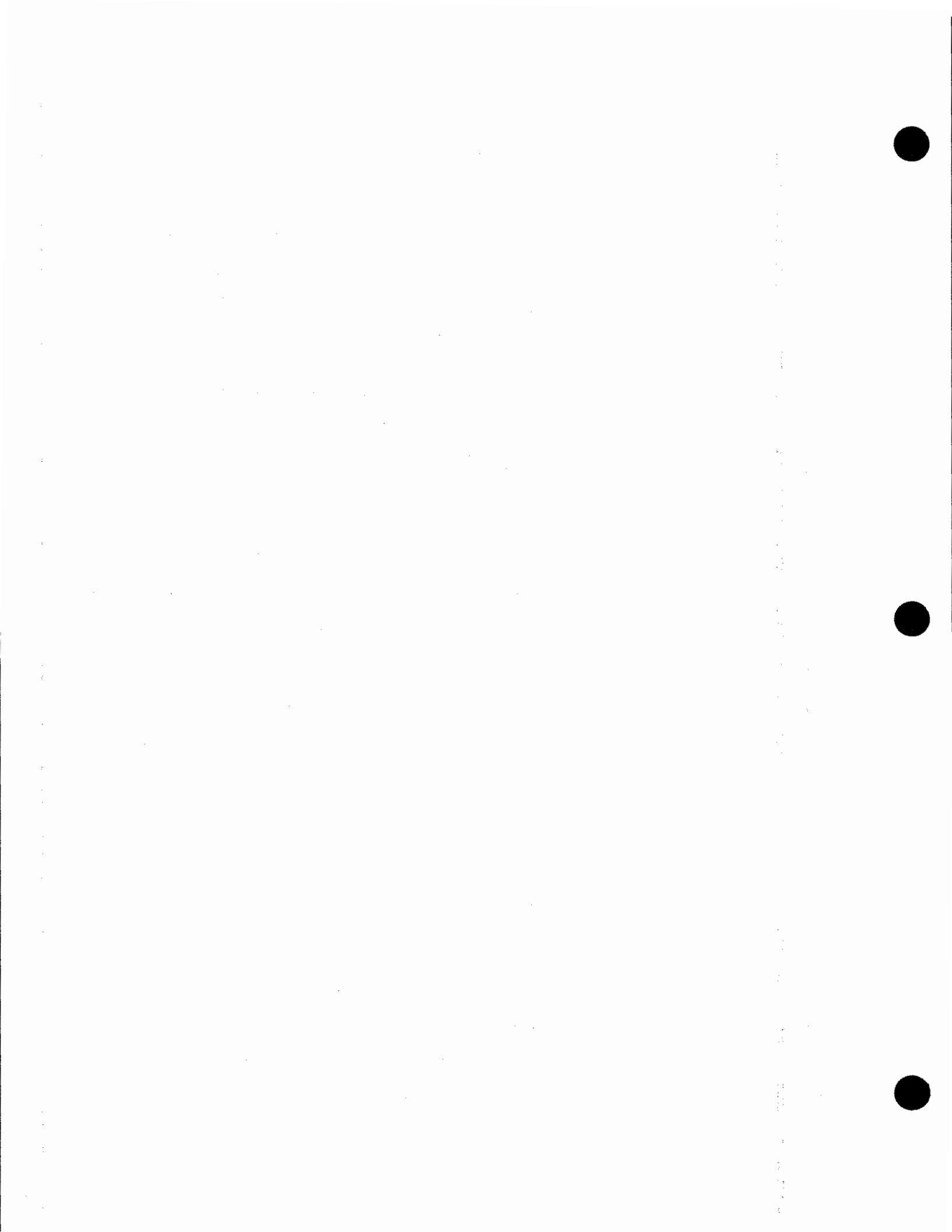
rate until the boat opened. Soon after the boat ended -- excuse me, as soon as the boat opened, unemployment rate in Ohio County started moving closer to unemployment rate in Indiana as a whole and, in 2001, for the first time the unemployment rate in Ohio County was lower than the unemployment rate for the state of Indiana as a whole and it's remained beneath -- the unemployment rate in Ohio County remains beneath the unemployment rate for the state as a whole through the end of 2003. Wages, jobs -- In this case wages, jobs, and establishments all grew faster in Ohio County than they did in similar counties that do not have riverboats in Indiana, which indicates that some of those investments in infrastructure, buildings, and capital equipment are starting to pay some dividends. We once again held three focus groups with public leaders, both private



1 sector, not for profit, and those
2 interested in social -- and those who
3 are social service providers. We
4 found -- They reported, and we found,
5 that gaming revenue has been very
6 beneficial to the community,
7 particularly because much of it has
8 been spent on infrastructure and
9 public facilities.
10 Those who participated in the focus
11 group told us that there have been
12 enormous educational benefits.
13 There's dominance for education, the
14 schools have dramatically decreased
15 their debt load and they've created
16 now scholarship programs enabling
17 children of families in Ohio County
18 and other counties to be able to
19 attend posthigh school education.
20 And as I said earlier, the Rising Sun
21 Regional Foundation is exemplary in
22 terms of local community foundations.
23 We get requests -- I should say we
24 get about a request every year from
25 someone asking us to help them



1 understand how the Rising Sun
2 Regional Foundation works.
3 While they receive -- While these
4 focus groups spent plenty of time
5 praising the presence of the
6 riverboat, they did note that crime,
7 particularly alcohol and traffic
8 issues, have, in their impression,
9 begun to increase slightly in the
10 county. They also noted that there's
11 particularly been a shortage of
12 affordable housing in the community.
13 The final thing we looked at was
14 Grand Victoria's fiscal position and
15 future plans, and our fiscal analysts
16 found that Grand Victoria is fiscally
17 sound, it generates a generous amount
18 of return to its investors, and is
19 financially stable.
20 As a last note, if I can,
21 Mr. Chairman, I'd like to thank the
22 commission and Chairman Lawrence for
23 pushing us at the Center for Urban
24 Policy to continue to do our best
25 work and we've enjoyed working with



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you.

CHAIRMAN VOWELS: Thank you, Mr. Klacik. Any questions for Mr. Klacik?

MR. NDUKWU: Do you have any thoughts as to why there's a decline in employment in this facility from a couple years ago?

MR. KLACIK: I would suggest, with due respect, that you ask -- that you ask the Grand Victoria people. My personal suspicion would be there's some seasonality to it, but I suspect they're in a much better position to answer that question.

MR. NDUKWU: All right, thanks.

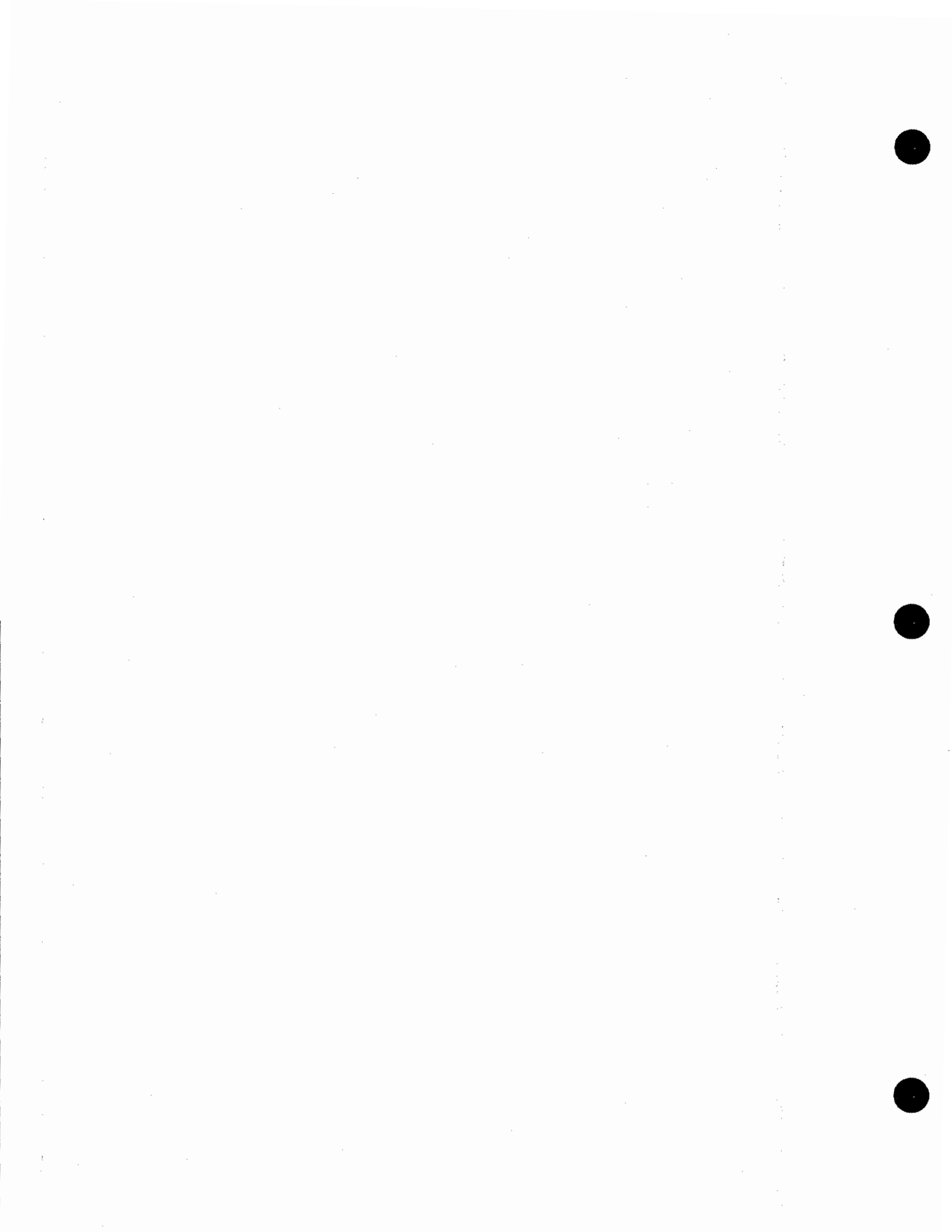
CHAIRMAN VOWELS: Anything else?

Well, thank you and hope to see you again.

Good afternoon.

MR. AZARK: Good afternoon, Chairman Vowels, members of the commission, Director Lawrence, staff, honored guests, my name is Dan Azark, I'm the chairman of Hyatt Gaming; and on behalf of the Grand Victoria, its owners, and its

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employees, we want to welcome you here to Rising Sun. We're happy to host this meeting today. It's been a pleasure to have you here. Today we're going to give you a report on our operations, concentrating on the last three years, and ask for your renewal of the gaming license. It's now been ten years since we first made application to this commission to open a resort here in Rising Sun. It's been nine years since you granted us a certificate of suitability, and eight years ago, just a few yards from where we are today, we commenced operations out of a tent. We've come a long way, and several of the commissioners and not a few of the people here on our staff have been along for the whole ride, and I think that speaks well of all of us. There have been many changes over the last decade in this industry as it's



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matured, and I think most of the changes have been for the better. One very positive change has been the widespread acknowledgment in the state that these riverboats are important and regional economic engines and job creators, and I think as you look at Rising Sun, as you look at Belterra, and you look at Argosy, you hear that story again and again. It's not a local story anymore, it's a statewide story. One thing that has not changed in this period of time has been the professionalism of your staff. You opened for business with a group that was committed and competent, and over the last few years your staff led by Director Lawrence, I can tell you that this is recognized as one of the finest gaming staffs in the country and we're grateful to this board for the consistency and constancy not only of the board, but of the staff over that period of time.

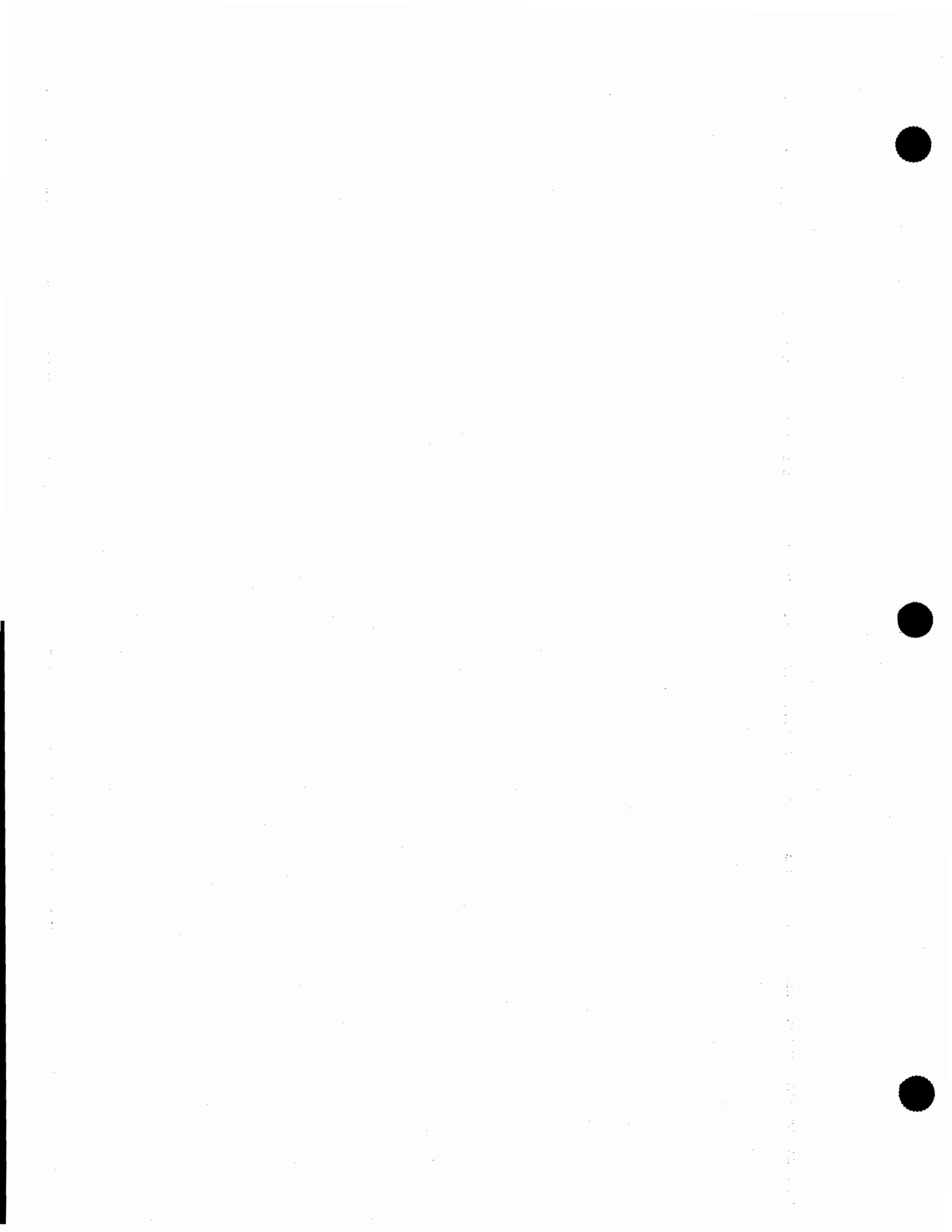


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Another thing that has not changed is our commitment at Hyatt to provide a high-quality experience not only to our customers but to our employees. We work hard every day to deliver on this promise and, as you will see in the presentation, we've remained committed and involved with our host community of Rising Sun and Ohio County.

I'd like now to introduce someone who I don't think has appeared before you today, but someone who's very important in our organization. He sets the policies and procedures not only for our company but for our continuum, that's Peter Liguori, President of Hyatt Gaming Management.

MR. LIGUORI: Good afternoon, Chairman Vowels, commissioners, Executive Director Lawrence, and IGC staff, it's a pleasure to be able to speak today on behalf of the employees, management, and ownership of Grand Victoria Casino and Resort as we request the



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renewal of our riverboat owner's license.

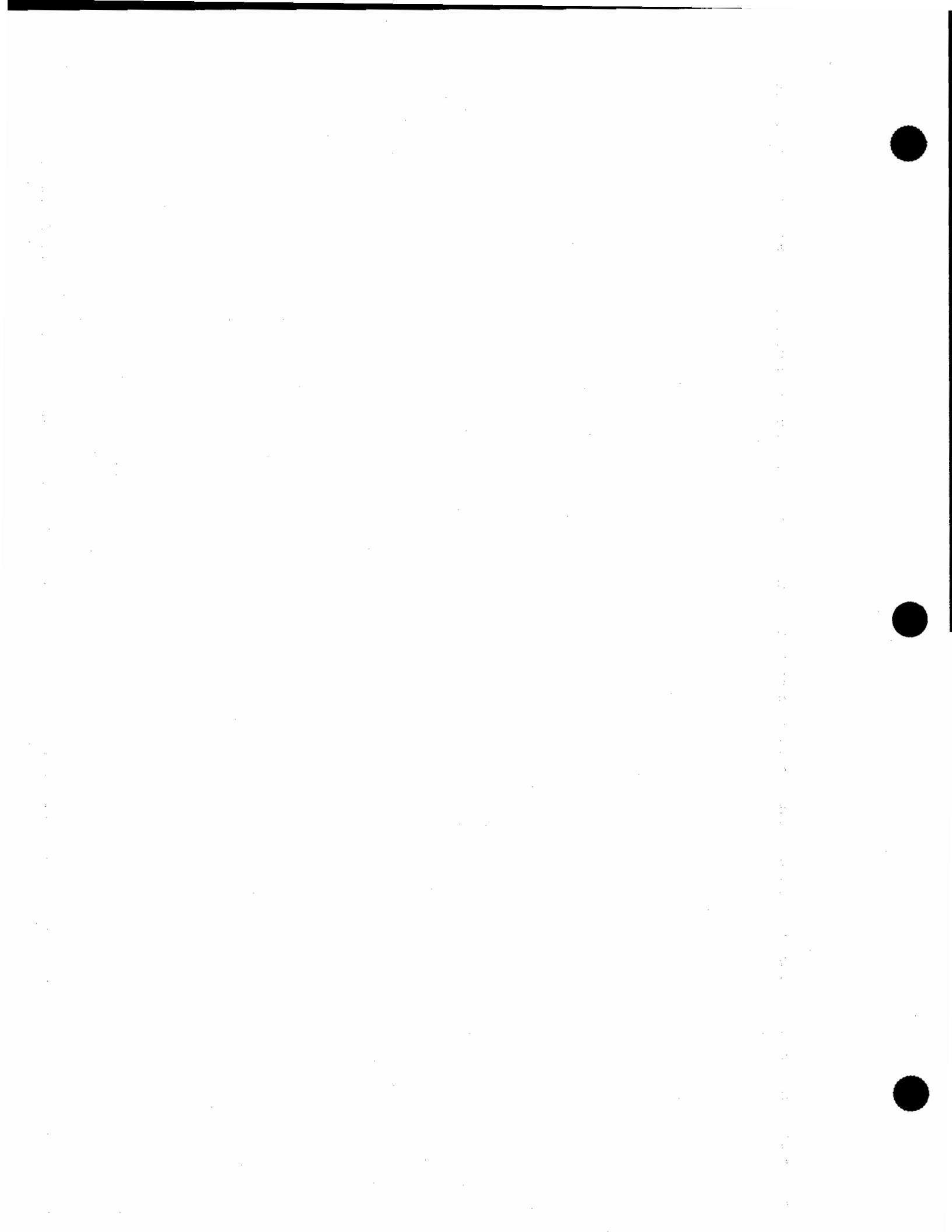
With your opening comment, Chairman, this may be the shortest career of a president in Hyatt history, we'll see how it turns out.

CHAIRMAN VOWELS: I was kidding.

MR. LIGUORI: We are -- As Dan indicated, we are particularly excited that you've had the opportunity to see our beautiful facility riverboat firsthand. We're very proud of the facility, and we're also very proud of the positive role that it's played in the local community and county.

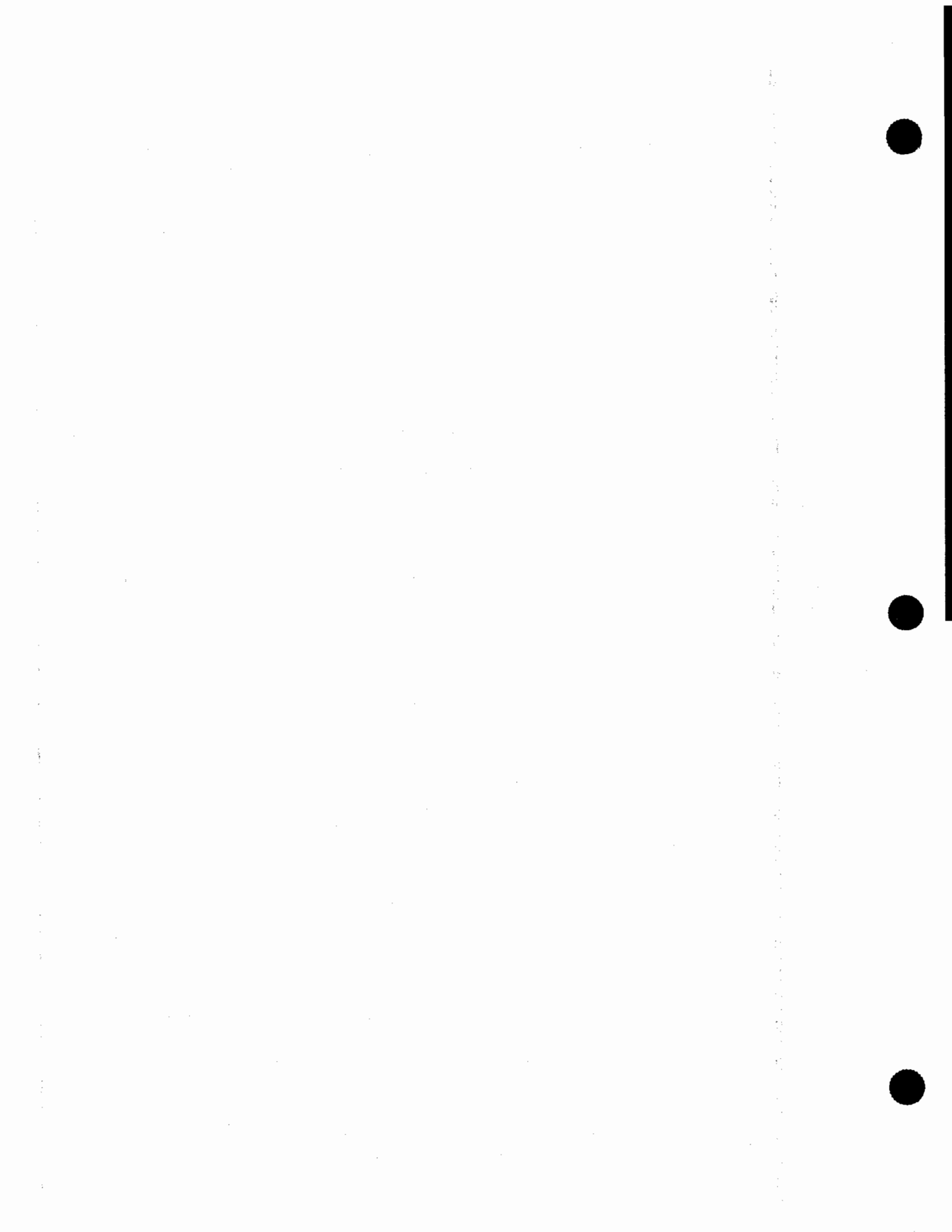
If I can ask the commission's indulgence before I start on my comments, which are brief, I'd like to introduce three individuals who we consider key to our partnership in this community, all of which would like to have an opportunity to say a few words.

First I'd like to ask Representative Bob Bischoff to step forward.



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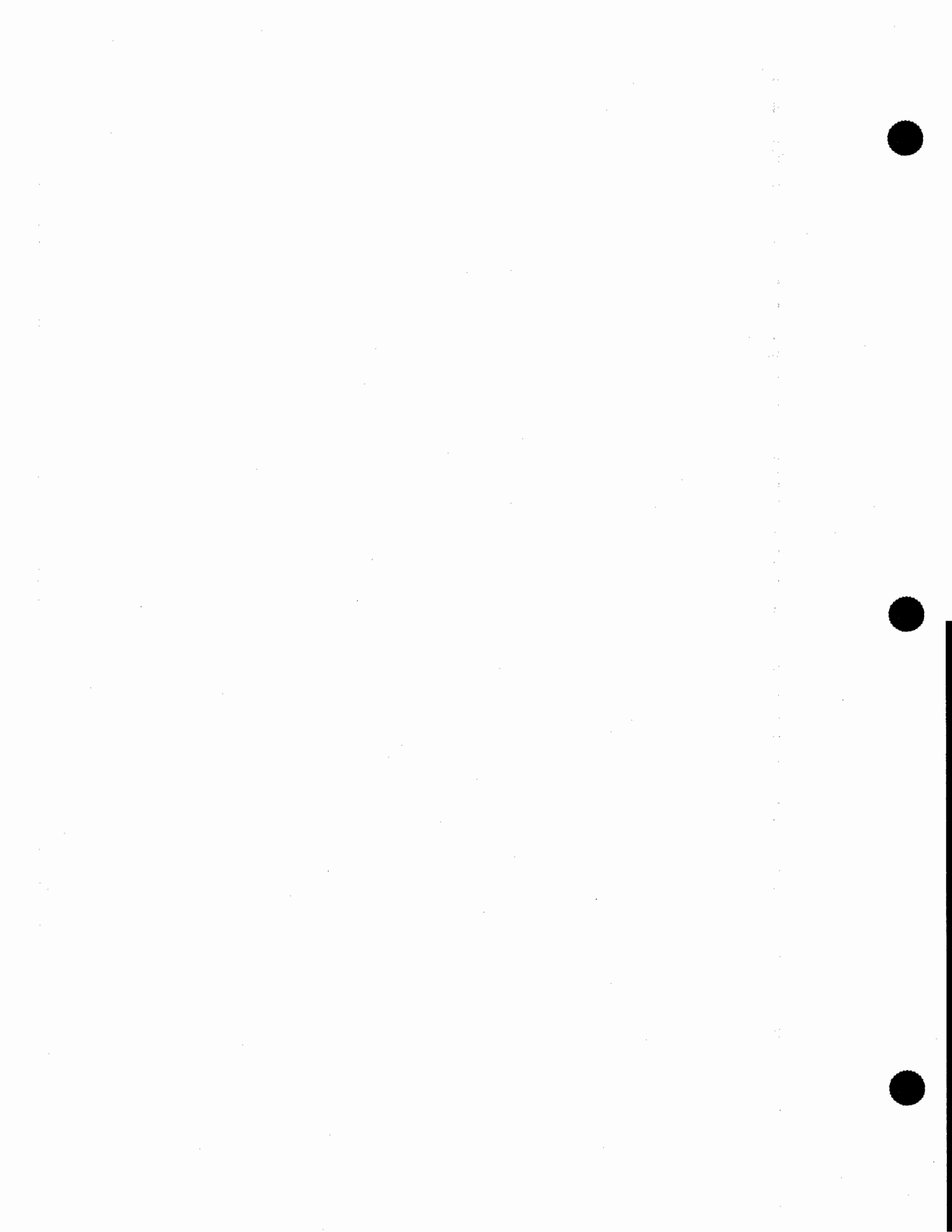
MR. BISCHOFF: Thank you so much. It's a pleasure again to be here and say a few words on behalf of Grand Victoria in Rising Sun, Indiana, in southeastern Indiana. We want to welcome you here again this afternoon. I've been very fortunate to represent three boats in Indiana General Assembly, and let me say this about Grand Victoria: Ever since they became a boat and industry here in Rising Sun, in Ohio County, they've been a role model, not only here in this area along with the other boats, but in the state of Indiana. And when I say that, I look at their revenue sharing program with the other counties here in southeastern Indiana. I think that was put on the table when they were granted a license I believe back in 1995. Greed was never in the way. They wanted to share that revenue to improve the quality of life of all the people



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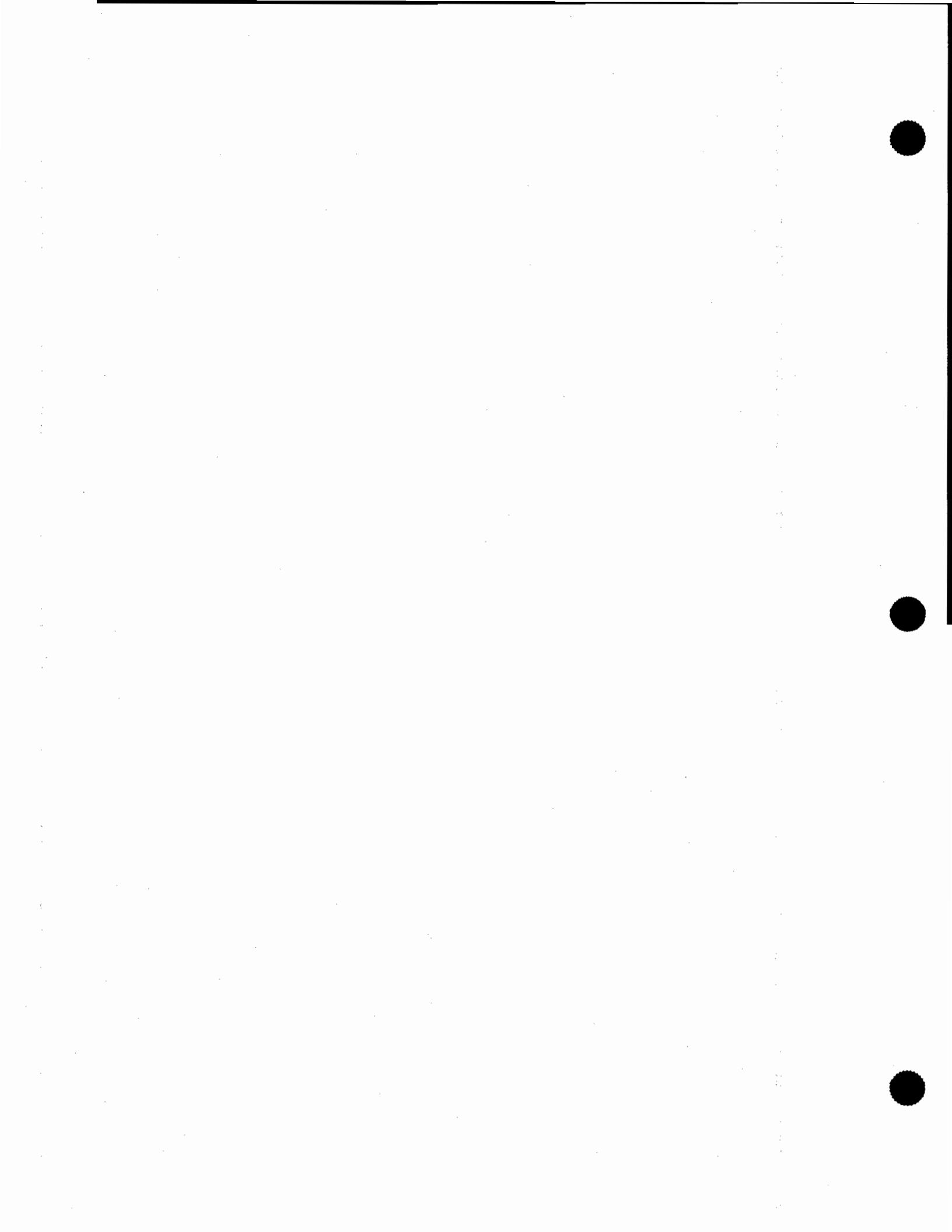
here in southeastern Indiana, and that's what they have done and I'm very proud of what they have accomplished related to other people here in this geographical area. Again, I hope that you support relicensing of Grand Victoria here in this area here, what they have done, all the positive things that's improved the quality of life here. When we look at the economics, the jobs, the 1200 jobs, almost 50 percent of those jobs are here in Ohio County that's let people not have to commute to Northern Kentucky, Cincinnati, or wherever to find a quality job to improve, along with those fringe benefits that the casino offers here.

We look at the foundations here that have played such a prominent role for so many organizations. I'm talking about the Ohio County Regional Foundation, the Rising Sun Foundation here. I'm looking at the tax dollars



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here, I'm looking at all the projects, the programs that they've supported. We look at the projects, the new medical facility here, a senior citizens facility here, their schools that they've helped here promote with gaming dollars. So it's been a win-win situation, not only for the people here in Ohio County, but for the surrounding areas here. They do share with Ripley County, they share -- they did share with Switzerland County before they got their license, and they share with Aurora in Dearborn County. So I think that says a lot on their behalf. There's a couple other things that I wanted to bring to your attention, and I guess the thing that really makes me proud to stand up here today, regardless of their political affiliation, I've seen this community come together.

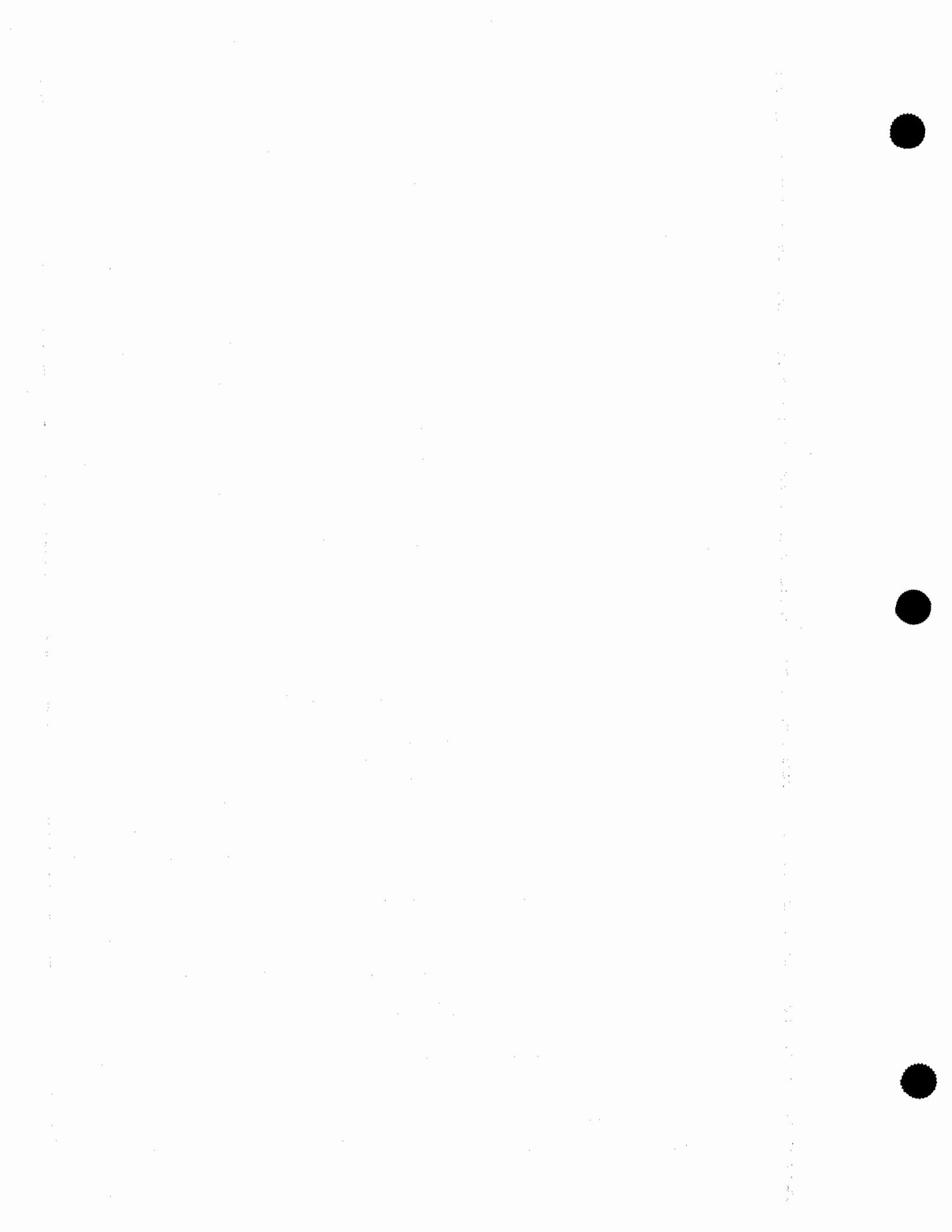


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The elected officials, I've seen a lot of them come and go, but their interest has always been for Grand Victoria, to make sure that they work together to make sure that this industry stays where it's at today and keeps moving in the right direction, what it brings here for the community.

As you look through this room here today, you're going to see a lot of people out there from the surrounding communities, from Ohio County, elected officials that have taken time out to be here today so that hopefully you extend that license for another year to keep their level of life where it is with the revenue that it generates for so many organizations, projects, and programs, and that makes me so proud to be their representative.

I'm sure that this is going to be a very difficult session in Indiana General Assembly due to the deficit



1 that we have at this time, and the
2 state's going to be looking at a lot
3 of different directions to capture
4 some revenue. And hopefully we can
5 keep that revenue where it is today
6 and what it was there for. Intent
7 for it was to help those depressed
8 areas, and I can only pledge to the
9 community, to Ohio County, and
10 southeastern Indiana that I will do
11 whatever I can do to make sure that
12 we move in the right direction.
13 And I hope that you approve this
14 license today. Thank you.

15 MR. LIGUORI: Thank you, Representative Bischoff.
16 I'd now like to ask individuals I'm
17 particularly proud to introduce, in
18 my short tenure as President of Hyatt
19 Gambling, have gotten to know.
20 Really the mayor of our host
21 community of Rising Sun, I'd ask if
22 Mayor Marksberry can come up and say
23 a few words.

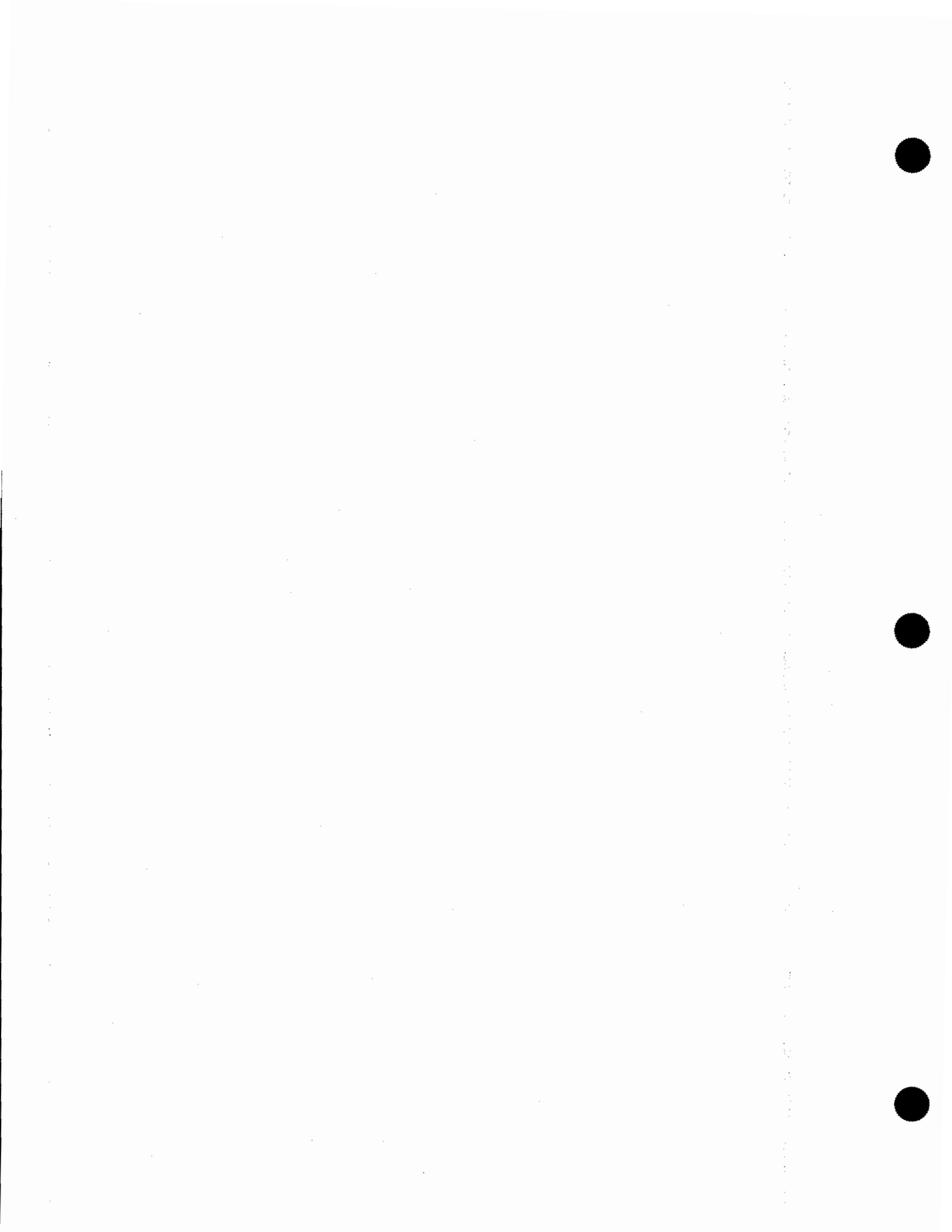
24 MR. MARKSBERRY: Executive Director Lawrence,
25 Chairman Vowels, and members of the



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gaming commission, good afternoon and welcome to our fair city of Rising Sun. I am Bill Marksberry, the mayor of the city of Rising Sun.

At the time Grand Victoria was issued a license, I was involved through my role as a county commissioner. The county commission worked with former mayor, Mark Guard, to assure Rising Sun did everything possible to bring a license to the city. It is now my pleasure to be even more involved with this relicense process as mayor. I would like first to take the opportunity to thank you for agreeing to conduct this public hearing here in our city. The citizens of Rising Sun were very committed to the riverboat selection process, and we are happy to be a part of the renewal process. We are proud of how we have invested the funds and we have received -- and received as a result of riverboat gaming, and welcome the opportunity to host the gaming



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commission and to share our accomplishments with all of you. To highlight just a few of the ways that we have put riverboat funds to good use, I am pleased to advise you, one, we have enhanced our riverfront to provide much needed erosion control with walkways, parks, picnic areas. We are currently constructing a dock so that it can be used for tie-offs as boats come to visit our city. We have invested approximately \$4 million to this date, and continue.

We have partnered with new and existing businesses to increase what Main Street has to offer there. We have refurbished vacant buildings along Main Street. We are currently repairing and increasing the capacity of our wastewater treatment plant so it may share the needs of the city and a portion of Ohio County well into the future. The estimated cost for this project is \$10 million.



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We have continued to improve other parts of our community infrastructure and in matters which were inadequate for many years.

Just to name a few, streets, drainage, sidewalks, curbs, storm sewers, utility service, lighting, sidings, with an investment of over \$10 million.

We also have participated with Grand Victoria, INDOT, and Ohio County on the Highway 56 upgrade, which you should have seen as you come into our county. The city has invested 2.5 million in this road improvement.

As you will recall, Rising Sun was the first community to develop the concept of revenue sharing, and we are proudly continuing that tradition.

We continue to share the substantial portion of our emission tax proceeds with Aurora and Dearborn County, Patriot and Switzerland County, Ripley County, and the towns of



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Napoleon, Osgood, Milan, Holton, Versailles, Sunman, and Ripley County. To date, the city of Rising Sun has shared, and we continue to share, to date the city has shared in excess of \$6.7 million with these communities.

As you have seen, these communities have put fair -- put those funds in good use, and we are proud to assist them in those accomplishments and continue.

As you walked in through the lobby, we hope that you have time to visit the displays and see what our communities have done throughout southeastern Indiana.

Rising Sun is also proud of the fact it shares 30 percent of the money it receives from wagering tax with Ohio County. We also make an annual donation from those funds to the Ohio County Community Foundation so it can continue to meet its contribution mission.



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We are also proud to report the city continues to direct all the funds received under the project agreement to the Rising Sun Regional Foundation. The foundation, in turn, awards grants to various not for profit entities in Ripley, Ohio, Aurora, and Patriot. These grants have provided much needed assistance in various not for profit, especially in the light of the downturn in charitable giving experienced at 9/11.

As you can see, the citizens of Rising Sun have a strong tradition of sharing with its neighbors, we are proud to report, and that we will continue.

Now we'd like to take -- talk briefly about the relicense of Grand Victoria, the business at hand. First, let me point out the citizens of the city with Grand Victoria is the best it's ever been.

The city views Scott Cooper as a 165



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great asset to the property. The city and Grand Victoria has worked hard to keep an open line of communication.

In the past year, we have formed a committee that meets regularly to discuss issues that impact both Grand Victoria and our community. As mayor, I appointed the following representatives to this committee:

Ray Gibson, which is our clerk treasurer; Monte Denbo, a local businessman who many of you are familiar with with the original relicense -- or licensing; Ed Sullivan, which is with the regional foundation, and Tammy Helbright.

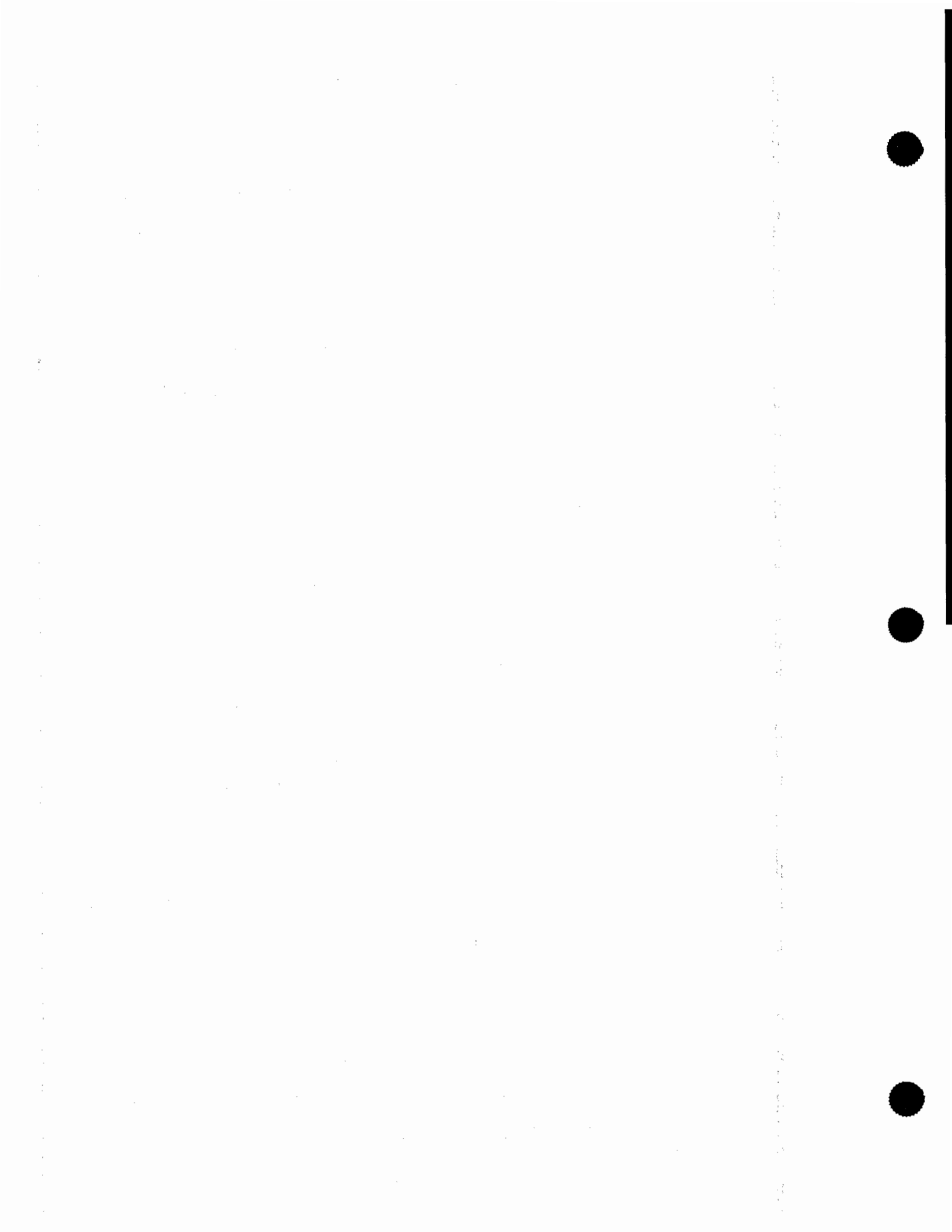
Both are associated with economic development and the historical downtown Main Street; Mary Timms, representing the convention and visitors bureau.

We are pleased to report Grand Victoria's providing the city with additional space here at the pavilion



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so we can promote our city and plan joint marketing programs that are designed to benefit both parties. Thus let me state the city is fully supportive of Grand Victoria's relicense; however, the city remains concerned and would respectfully request the commission address a few key issues with Grand Victoria. The first area is capital improvements. The city believes Grand Victoria must maintain a good project to remain competitive with Argosy and Belterra. In December 2001, when Grand Victoria underwent its first relicense hearing, the commission addressed capital improvements with Grand Victoria. Then in those hearings, Grand Victoria indicated its capital expenditures consist of a new casino computer system and some renovation of the hotel rooms. The commission asked if Grand Victoria was complementing -- The



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commission asked Grand Victoria if they were contemplating on construction of additional hotel rooms. After Grand Victoria said no, the commission noted hotel construction is of more economic benefit to Rising Sun than any self capital improvements.

The commission then indicated it understood the need for expenditures such as parking and soft goods, but they wanted to see how, its plan to expand property.

The commission did not want Hyatt to be a company contained to just -- content to just sit back and take profits. Rather, the commission wanted to see the Hyatt be a business that will actually compete with surrounding properties, do whatever is necessary to improve Grand Victoria so it can draw the percentage shares of the marketplace. The commission wanted to obtain Grand Victoria's assurance that it would --



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if the property had not been expanded by the time of this relicense, Grand Victoria would be able to present solid reason why it had not undertaken such capital expenditures. The commission advised Grand Victoria it would need to know the capital expenditures Grand Victoria undertook from 2001 to 2004.

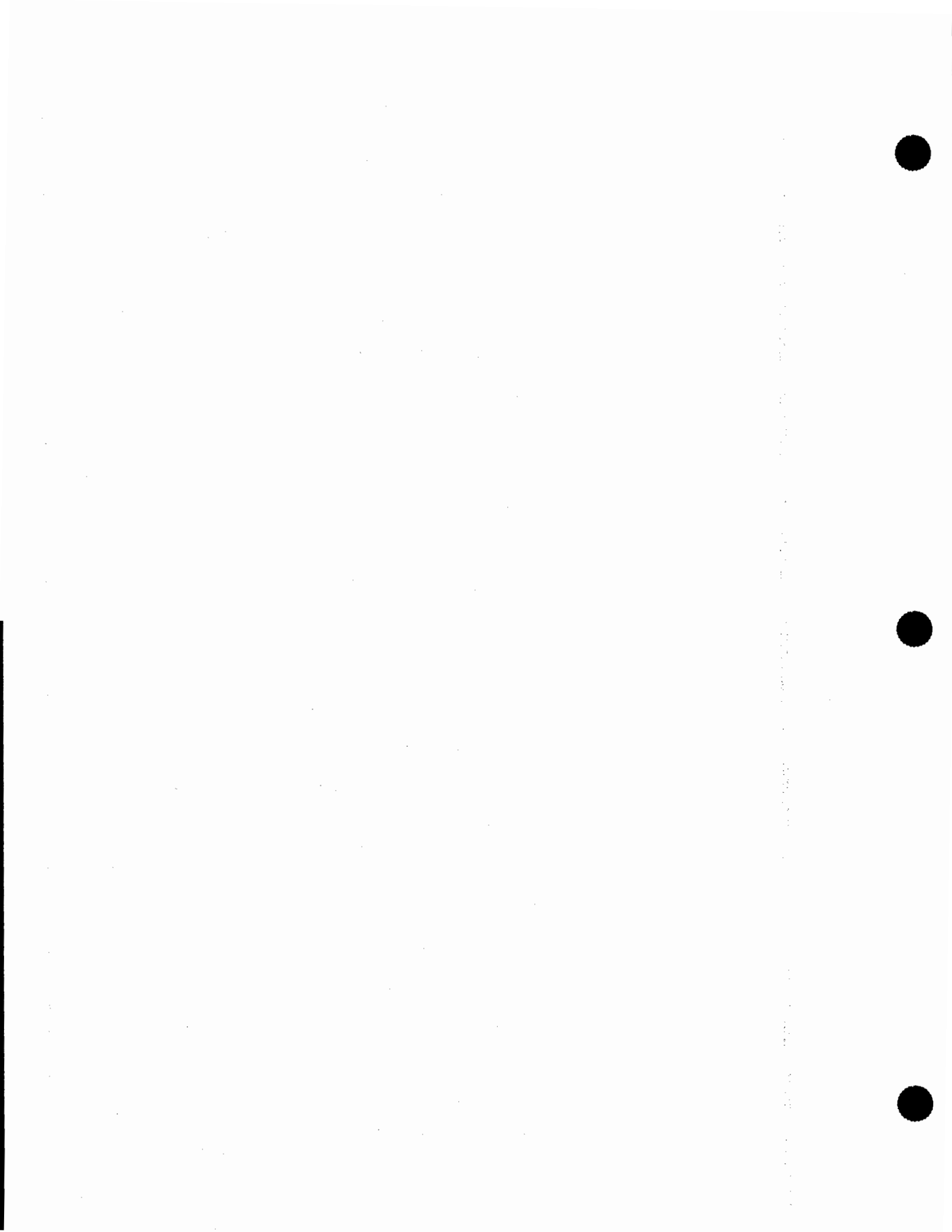
The commission stated Grand Victoria has a wonderful project and it has provided handsome returns to the owners. The commission stated it makes -- wants to see the operators and a company that would be willing to step up, as represented by Mr. Fritzer at the time of the initial license, who was not afraid of competition, and would do whatever was and is necessary to meet those competition.

Thus the commission indicated it would review the Grand Victoria's performance from 2001, 2004 at the 2004 relicense hearing to determine



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the commitment to the project.
During those hearings, Grand Victoria
advised the commission it would
consistently be setting aside
approximately 3 percent of its net
revenue for capital funds.
The city requests the commission
follow through with the 2001
directive and review Grand Victoria's
capital expenditures since 2001 to
determine how Grand Victoria has
expended its 3 percent capital
reserve.
The city is aware Grand Victoria has
been exploring construction of a
hundred room hotel. Grand Victoria
has requested some tax abatement from
the city, and the city is exploring
the feasibility of extending such tax
abatement.
Our understanding, Grand Victoria
currently experiences an average
occupancy rate of 97 percent. The
city believes the support -- the need
for additional hotel rooms.



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As previously stated, the city's concern is continued profitability of Grand Victoria. In May 2003, Belterra opened a 300-room hotel tower. Prior to the opening, those rooms Grand Victoria had consistently experienced higher AGR than Belterra. Before Belterra opened the new tower, on average Grand Victoria's monthly AGR exceeded Belterra's by approximately 6.69 percent, an average of approximately 815,000 per month.

Since those rooms opened, Belterra's AGR's surpassed -- Since those rooms opened, Belterra's AGR surprised Grand Victoria -- surpassed Grand Victoria's AGR by approximately 465,000. This represents approximately 10 percent savings in Grand Victoria's AGR as compared to that of Belterra.

The city wants to emphasize it supports Grand Victoria's license, but requests the commission consider



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the capital expenditures made by Grand Victoria since 2001. The relicense -- The city requests the commission review the Grand Victoria, their capital expenditure plans, and give direction that enables the city and Grand Victoria to focus on improving this project and fund finding ways to be unique and to remain competitive. The city recognizes Grand Victoria's continued success is for the continued use of riverboat moneys by the local communities as well as by the state. Hearing the December 2001 hearing, the commission also addressed Grand Victoria's marketing efforts. Specifically the commission indicated concern that Grand Victoria's continued to make efforts to increase its market share. Thus the city requests the commission to consider renewing Grand Victoria's license conditioned on Grand Victoria



1 providing a plan and periodic reports
2 demonstrating the appropriate level
3 of capital expenditures and
4 marketing. I do have copies of the
5 primary pages of the December 2001
6 transcript if any of you would like
7 to review.

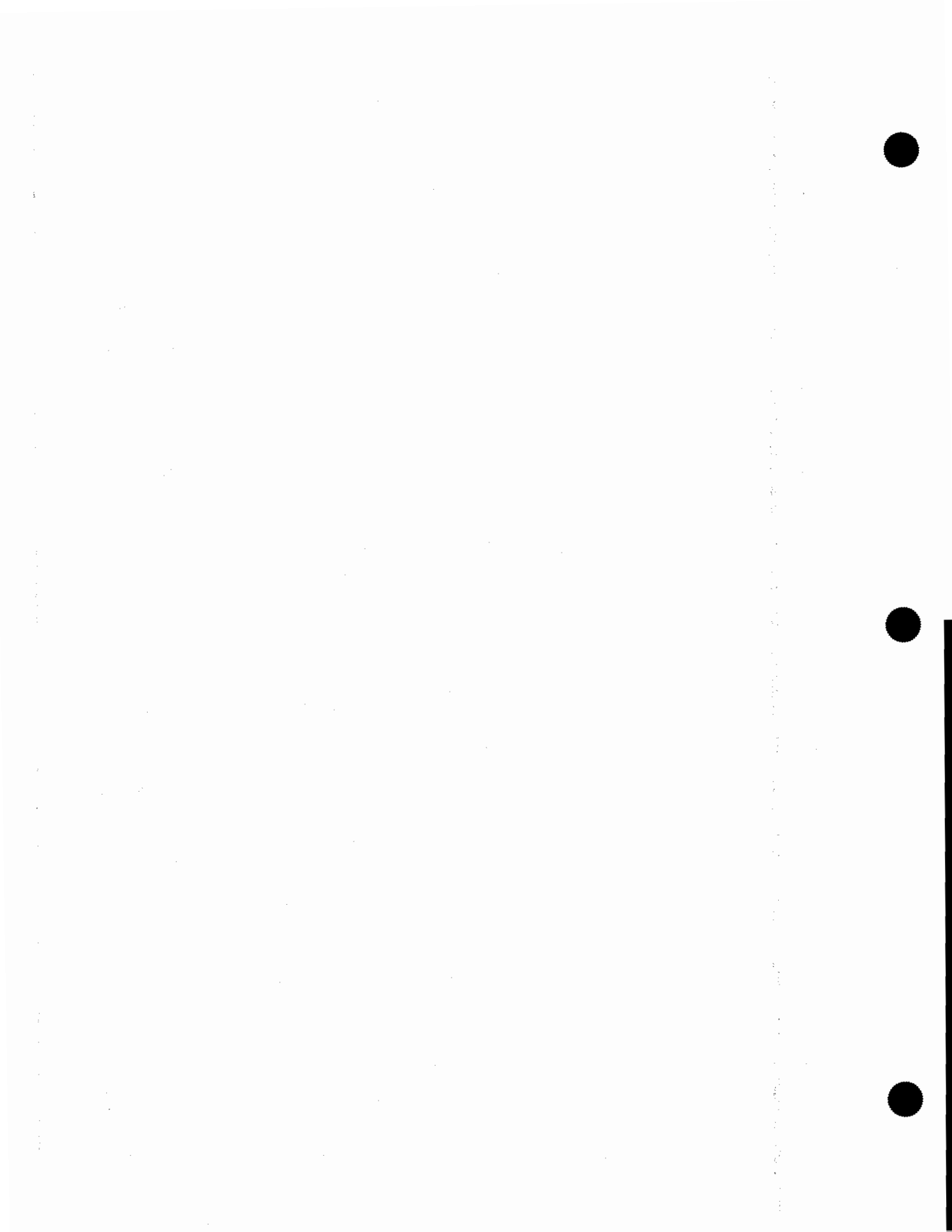
8 Thank you for your time, and please
9 let me know if I can answer any
10 questions. Thank you.

11 MR. LIGUORI: Thank you, Mayor Marksberry.
12 Last, but certainly not least, we'd
13 like to ask the mayor of another
14 sister community, Aurora, Mayor
15 Hastings, come up and say a few words
16 as well.

17 MR. HASTINGS: Good afternoon. My name is Donny
18 Hastings, Jr., I'm the mayor of
19 Aurora. For those of you who don't
20 know where Aurora is, it's just up
21 the road a couple miles on State Road
22 56. I'm finishing up my 12th month
23 as mayor, and prior to that I served
24 two terms on city council.

25 I've been asked to come down here

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today and just briefly talk about some projects that we've been able to accomplish in Aurora with the help of revenue sharing. One, our police department, prior to revenue sharing, we had six officers. We now have ten full-time police officers. We have newer equipment, new uniforms, cameras in the cars. We've been able to upgrade all that thanks to revenue sharing.

Our fire department, prior to revenue sharing, we had an aging firehouse and older equipment. I'm pleased to say now that we're in a state-of-the-art, \$2 million firehouse located on US 50 just west of Aurora. Also, we have all new fire engines, turnout gear, coats, gloves, Scott packs, everything. Our guys have the best equipment they can possibly have to fight fires, so we put a lot of focus on the fire department.

Our EMS system's been able to utilize some of the grant programs in the



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area to upgrade their equipment, and I'm pleased to say that within the last two months we went from a totally volunteer EMS system to a partially paid system, and the city of Aurora has contributed some of our gaming revenue to our EMS to help offset some of that cost.

Our parks, new Little League field, Pee Wee football, soccer, pavilions, upgrades to our swimming pool, and also we have an annual grant program in Aurora where we appropriate \$50,000 out of our gaming revenue to local not for profit groups, so our youth groups are able to tap into that to help offset some of their operating costs.

Our Main Street group are a very, very active group of people. They're totally funded by gaming revenue. We appropriate \$50,000 a year for operating money, and they currently have two projects that are partially funded with gaming revenue, and one

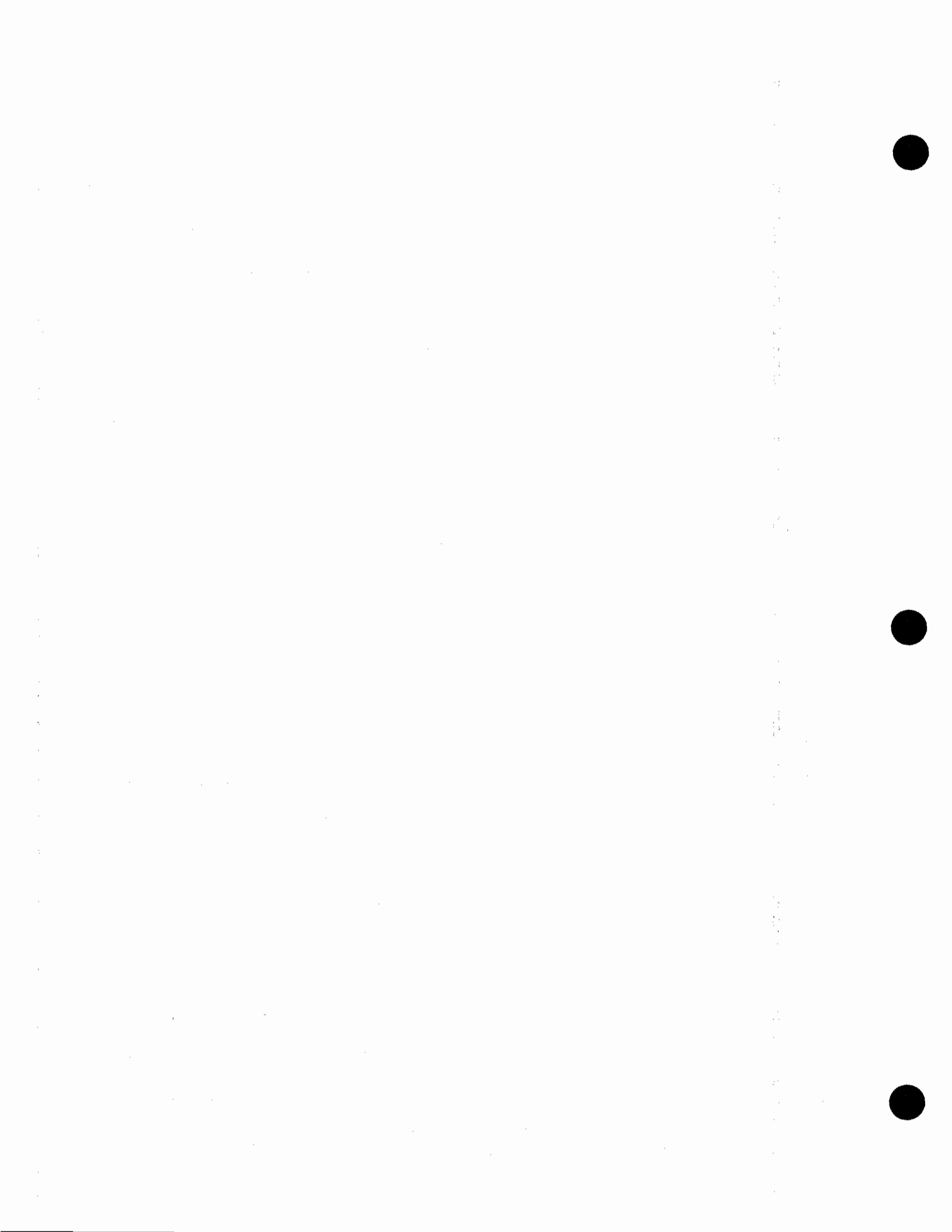


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is the Dearborn bike trail. It's a bicycle trail that will go out to bid in March or April of 2005, be a bicycle trail that will go from 275 and 50 in Greendale all the way down through Aurora to the city limits on State Road 56. In talking to Mayor Marksberry, it looks like that we're going to partner up with Ohio County and Rising Sun and take this bike trail on down through Rising Sun. The second project that our Main Street group is working on is a streetscape project, and it will go out to bid in January.

I think the biggest thing we got going on right now in Aurora is we have the oldest acting City Hall in the state of Indiana, and we are in the middle of a \$3 million restoration on that City Hall. We hope to reoccupy the building -- we'd like to be in there 4th of July 2005. Those are just some of the projects.

We've done a lot more than this, but



1 I'm not going to take up a lot of
2 your time. But revenue sharing has
3 made a positive difference in the
4 city of Aurora, so I encourage you to
5 give Rising Sun a favorable response
6 in everything.

7 MR. LAWRENCE: Mayor, we've previously been asked
8 to move the emissions turnstile just
9 west of Aurora. Are you still
10 thinking about that?

11 MR. HASTINGS: Putting a tollgate there on State
12 Road 56, try to capture some of the
13 money before it gets down here.
14 Anybody have any questions? Thanks a
15 lot.

16 CHAIRMAN VOWELS: Thank you.

17 MR. LIGUORI: Thank you, Mayor.

18 And I also just wanted to thank
19 Senator Nugent for his comments
20 earlier on behalf of Grand Victoria
21 this morning.

22 I'd just like to take a quick moment
23 to introduce a key member of my team
24 that's here today. Martha Sable is
25 Hyatt games general counsel and chief



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compliance officer; but in addition to Martha, I just wanted the commission to note that there are over 22 seasoned casino executives that work for me in Chicago that really help Scott and his team in terms of the Grand Victoria project. I did want to take a brief moment to update the commission on a transaction that's happened in Hyatt Corporation and really, for the records, just a minor update. This past July a series of transactions was started within Hyatt Corporation to transform multiple companies and divisions within the Pritzgers, Almond, and/or Managed Hospitality Companies into a new consolidated worldwide organization we call Global Hyatt. As part of this transformation, Hyatt Gaming is solidified, through asset transfers and direct ownership changes, into a pure gaming company able to stand on its own. These



1 changes have made Hyatt Gaming
2 stronger, autonomous from the hotel
3 company, thereby more focused on
4 gaming and its position to have
5 greater direct access to the Pritzger
6 family members themselves.
7 Getting back to why we're here. I am
8 here to tell you that our commitment
9 to our partnership with the local
10 community is strong. We have, and
11 always will, work with the city of
12 Rising Sun, the Rising Sun
13 Foundation, and Ohio County in a way
14 that benefits all parties.
15 Some examples of this are the
16 co-marketing committee that the mayor
17 alluded to earlier between the city
18 and Grand Victoria, and Scott will
19 elaborate a little bit more later on
20 in the presentation.
21 The property here at Grand Victoria
22 has been in discussions with Ivy Tech
23 in terms of creating a program that
24 Ivy Tech could potentially do some
25 I'll say nonproprietary training for

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us that will allow them to get an additional revenue stream and help their financial situation, and that has all been triggered from the fact that we understand that they're a potential tenant for the new proposed city of Rising Sun business park. So we're trying to help the city in those types of indirect ways as well. As mentioned earlier by the mayor, we're working out the details to allow local businesses access to space in the property's pavilion, exposing these businesses to over two million visitors to our property on an annual basis. This week Hyatt Gaming has voluntarily agreed to extend a deadline for its contribution to work related to a new sewer system for the city of Rising Sun; and, lastly, this presentation itself, which has been finalized through a series of discussions and meetings to ensure tight integration of ideas and goals.



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I can say that we don't necessarily always agree with the city and the city doesn't necessarily always agree with us, but we absolutely understand and are committed to working through those differences in a professional and adult manner.

You will see more examples of our team approach later in the presentation from different individuals, but the bottom line is that we take our partnership seriously and we treat it with the respect and attention it deserves. And as committed as we are to our partnership of the local community, we are also committed to the long-term successful operation and marketing-based development of this facility.

On a continual basis, we proactively evaluate ideas and concepts, from the corporate level in Chicago as well as the property, for improving the overall facility's revenue and

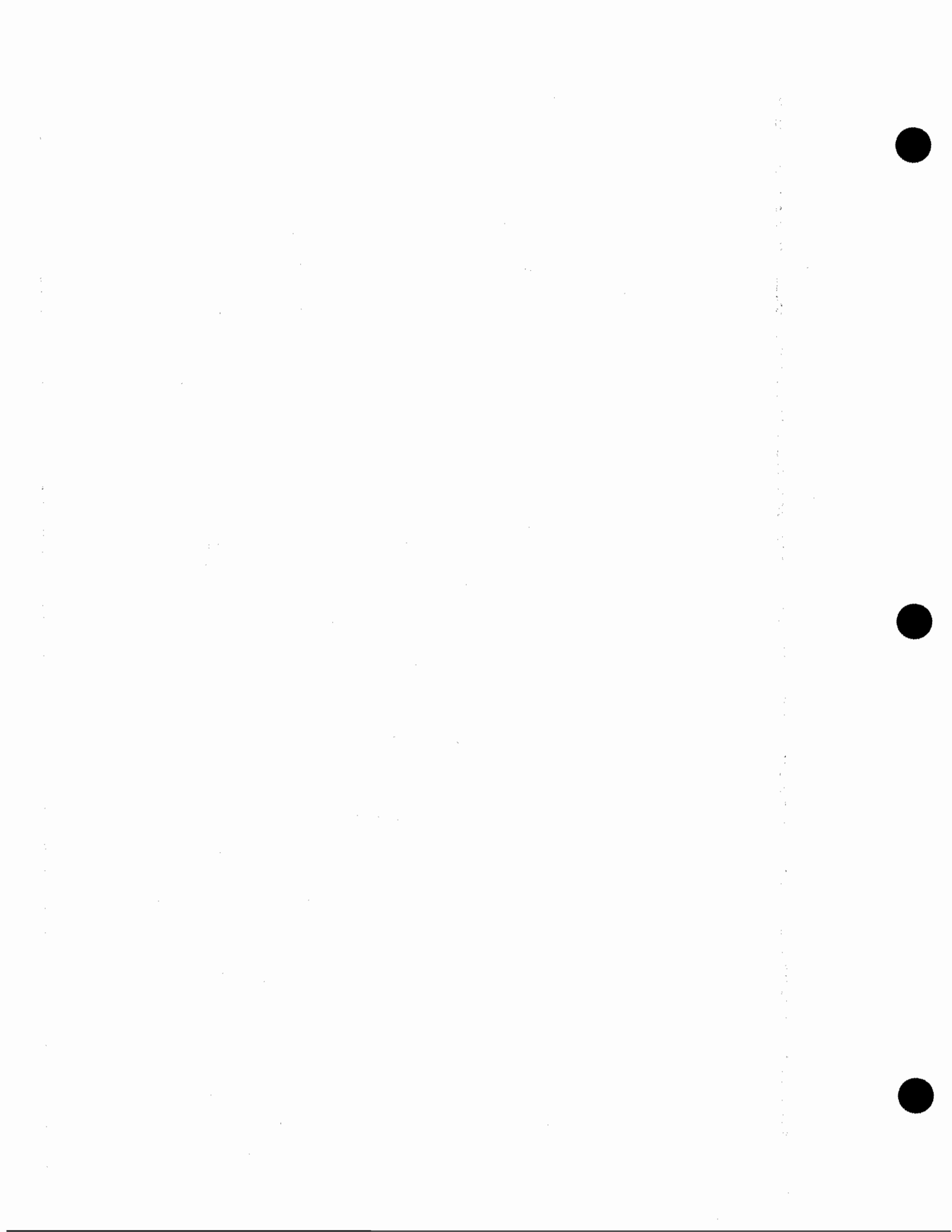


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performance.
Once we determine the ideas that make good business sense, we go through another review process as part of our annual business planning process and essentially determine if a project makes sense to put on paper and actually complete.

I think it's fair to say that the ownership group and management has demonstrated this commitment throughout the property's history by embarking on many projects that were not part of its original commitment. In our discussions of our capital review, you'll see later in the presentation, you'll see some concrete examples of this process and commitment. This review is always balanced with an eye on potential changes in the competitive landscape from either surrounding states or from within Indiana itself.

What I'd like to do now is introduce Scott Cooper, the new general manager



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of the property; but before I let
Scott speak, I wanted to explain why
we selected Scott as our new GM.
I was intimately involved in that
process, and one of my goals was to
find somebody who had the demeanor,
personality, and approach that I
thought would fit in well with both
the community of Rising Sun and our
employee base, and I think we found
that in Scott.
His gaming experience is extensive.
He has over 24 years in the industry,
and he has personally opened up nine
properties as a general manager and
he has operated properties in various
jurisdictions. So all in all we
think we've got a great fit with
Scott, and I'm very pleased to
introduce Scott Cooper.

MR. COOPER: Thank you, Pete. Before I go into --
go quickly through some slides, I'd
like to introduce the group that
really powers on a day-to-day basis
the success of our business. And



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since this is our home turf, they're scattered all over and I'd like for the staff here to stand up. There's also people in the back, LP and Inez and Seth and Linda. They're all over the place. Dan, Carl, everybody. Thank you.

And I've been here five months, and I want to say that I certainly have appreciated their hard work to make this business a success and I'm glad that they're here.

For those of you that are new on both the commission and the staff, I just want to run through real quickly a few physical amenities that this property has currently.

Currently we have 1500 machines. Up on the slide it says 40 table games. That represents at the time four poker tables. Just in the last couple of days, due to demand, we added 2 additional poker tables, so we really have 42 tables currently.

And one security guard in the poker



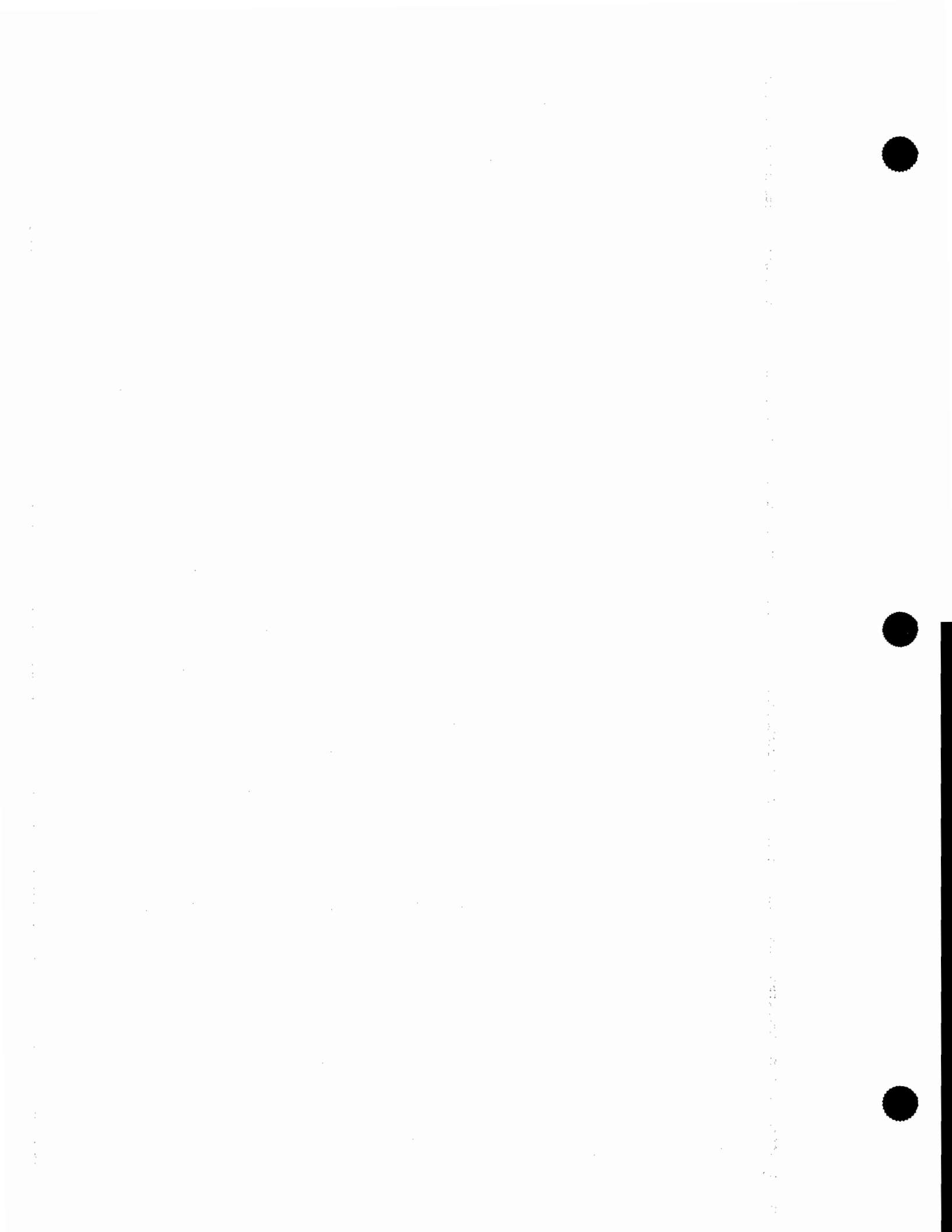
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room at all times. Thank you for that clarification.

We also have a 200-room Hyatt branded hotel. About 15 months ago we completed, and since the last relicensing, we completed a million and a half complete renovation of all those rooms.

The pavilion area has gotten some note here from Pete and from Mayor Marksberry. When the pavilion was first created right outside these doors, it was intended as a gathering place for people that were waiting for the next cruise.

When dockside came about a couple of years ago, that function was not really needed, so it became a lot of real estate. And what we're currently looking at as a way to help grow the business is we're trying to look at ways we can maximize our nongaming revenue in ways that would generate more visitation to this property.



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Included in that consideration, we're looking at adding some restaurant space, we're looking at redoing our gift shop, our buffet, and our steakhouse, also our Windsor Lounge where our preferred players go to relax a little bit.

And, in addition, as Mayor Marksberry indicated, we're looking at bringing some local business and community representation into our pavilion as a way to expand the exposure that the area gets to people -- for the two million people that come here yearly. The Grand Theater, the room that we're now in, is a multi-purpose facility. Not only do we have events and entertainers in here, but we also have player parties. This room is divisible into I don't know how many different ways, and we're looking -- To increase the use of this space, here again is a way to drive nongaming revenue going forward so that we can increase our chances to



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get people on the casino.
In each of the last two years,
there's been 12,000 people have gone
through this space, and we're looking
very aggressively to increasing that
going forward.
Our golf course is another amenity
that I think really adds to the
destination part of this property.
In May of '03, we completed a million
and a half clubhouse that was new to
the property that really has enhanced
its desirability.
Capital improvements, a topic that's
received some note today earlier, in
the last three years we have invested
\$17 million in this facility. The
hotel renovation, the golf clubhouse,
I've already mentioned, we have
invested \$3 and a half million in the
casino management system, and we've
invested \$11 million in new slot
product, including a rather
aggressive conversion into ticket in-
ticket out, one of the new technology

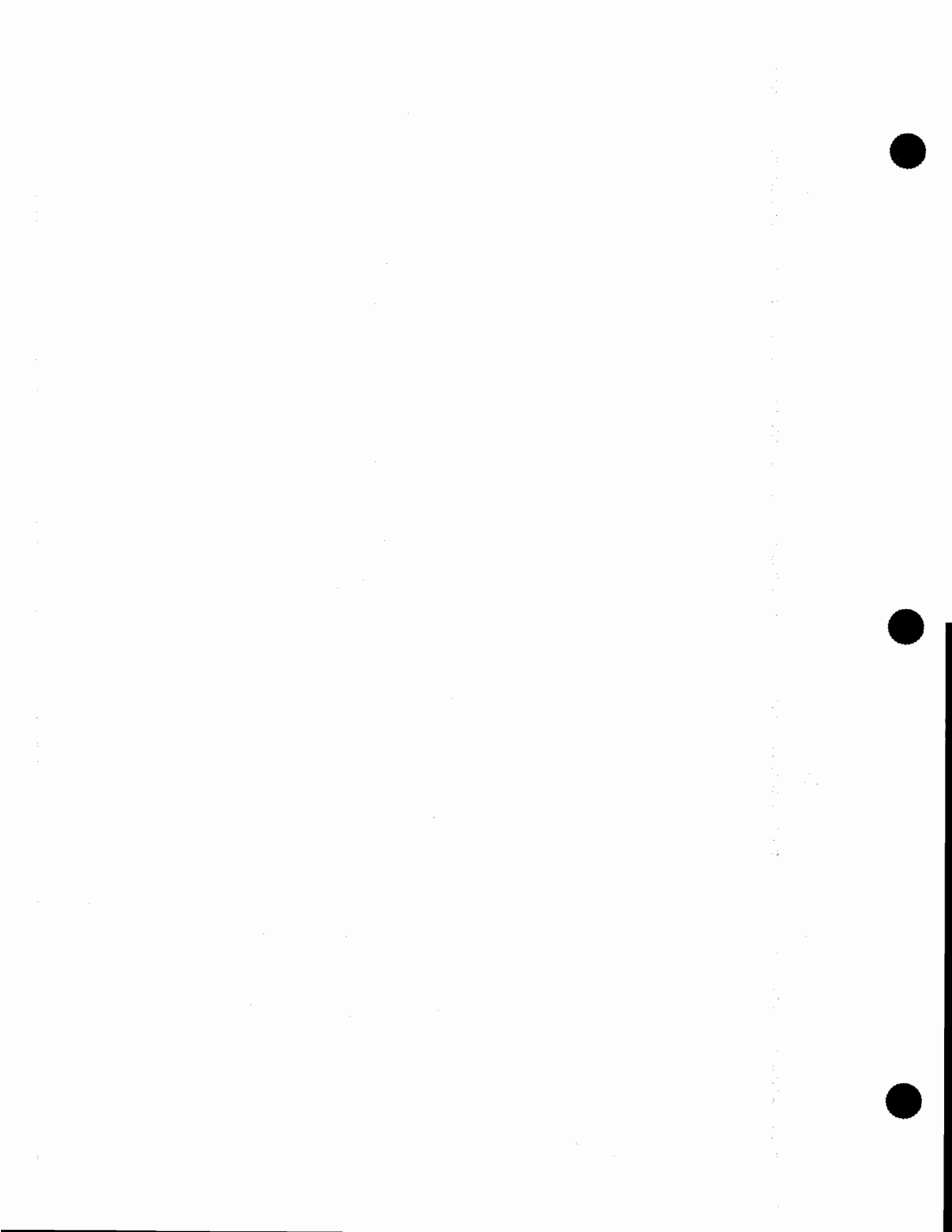


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in the industry.
Currently we're a little over 50 percent TITO, as it's called, and by the end of '05 we should be close to 75 percent converted.

For those comments, preemptively I'd like to address the fact that other properties are at a hundred percent ticket in-ticket out. We have done extensive and regular surveys among our customers, and they have told us, to the tune of approximately 30 percent, that they prefer the old way.

And I've been in the gaming business for so long, fortunately or unfortunately, that I can remember when you used to pull a little handle on the side of the machine, and when it came to the buttons on the front, people resisted that for a long time, and I think this is an example of that. Over time, I believe people will gravitate towards more and more TITO, but currently 30 percent of our



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customers say they prefer the old-fashioned way.
Gaming revenue for the last three years has shown a steady increase. We didn't really get the bump dockside that other properties get, mostly due to our location, but I think that the steady growth in gaming revenue at this property is a solid indication and measure of the way that the previous management has managed the property and has really been successful.

The Regional Sun -- Rising Sun Regional Foundation, rather, in the last 8 years, we've contribute \$24 million to that foundation. We are the sole benefactor of the foundation.

Of the \$24 million in the 8 years, about 15 and a half million has been granted to the four counties and 15 municipalities in the area, and by creative matching and leveraging of those funds, the economic impact of



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what that \$15 million has done has helped contribute over \$90 million in the local area. Cumulative taxes paid in the last three years, it's been \$319 million. The next point I'd like to talk about is employment, and I want to take just a few extra seconds on that, because I think this is a great story.

When I first came here, one of the questions I asked was how many people are day one, and I was just amazed that it was a quarter of the employees, and 85 percent of the employees currently are Indiana residents.

Two-thirds of our staff has been here more than two years. I think that's also an incredible statistic in the gaming business, especially when your two competitors try and pilfer your talent whenever they can.

Sixty-one percent of our staff have been involved in in-house promotions.

I think this is really a good story,



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and I think the previous
administrations have really managed
the property very, very well.
In the last three years, through
wages and taxes and benefits, we've
given over a hundred million dollars
that's been pumped into the local
economy.
For our minority and women business
numbers, this is an area that we take
very seriously. I think that chart
shows that we have met our numbers
and we're constantly and aggressively
taking a look at those factors to see
how we can do better, but we have
exceeded our goals for each of the
last three years.
Responsible gaming is a program that
we also take seriously. I've been in
many other jurisdictions, and I think
this is -- here at Rising Sun and
Grand Victoria, we take responsible
gaming the most seriously of any
place that I've been and it's a
program that is talked about all the



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time. We have annual training for all of our employees, we have quarterly meetings, and it just seems like we're always addressing that issue.

Mark Hemmerle, the assistant general manager here, is board member and vice chairman of the Indiana council, and Hyatt -- Global Hyatt or the Hyatt Corporation also takes an active role.

MR. LIGUORI: Just a bit of information for the commissioners. Hyatt Gaming has had a responsible gaming program before it was proper to do so, and we are an active supporter of the Harvard Medical School of Addiction and the National Conference on Problem Gaming.

So I just wanted to ensure, reassure the commission that this is something vital, it's part of our culture. We don't just do this in Grand Victoria, we actually do it company-wide, including some of our international



1 casinos, which they always scratch
2 their head about, but we really
3 believe it's an important part of our
4 culture and we really mandate that
5 into all of our locations.

6 MR. COOPER: As far as our commitment to the local
7 community partnership, that's
8 something that I have worked on in my
9 five months, and even for most of '04
10 the people here have really started
11 an aggressive program to try and work
12 with the local entities to provide
13 extra traffic and visitation to this
14 area.

15 And one of the things that we've been
16 looking at is, if we can be
17 successful in that endeavor, then
18 that gives us a shot to get people in
19 here and to go on the casino. We
20 actually meet twice a month, we meet
21 once more globally on a broad range
22 of topics and then we have also a
23 marketing meeting that is held every
24 month.

25 And we have got quite a few things

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that are in progress for '05 that we think will bring more and more people to this area, specifically downtown Rising Sun.

Our staff and employees here are involved in a wide range of local organizations. Probably I was counting, as Larry Kinser was going through his list, I think we have a few different organizations but we're just as active in all of those things.

I think that what we've been talking about is informative, and I think it paints a good story, but maybe the thing that tells our story is best told by the following short video.

(Video played.)

MR. KINSER: So that's our story. We think it's a good story. We couldn't be prouder of this facility and how we compete in this market, couldn't be prouder of our staff, couldn't be prouder of the generosity of the community of Rising Sun and Ohio County and how



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they share the wealth with the surrounding communities. And with that, we conclude our presentation and would respectfully ask for your approval to grant us a relicense.

CHAIRMAN VOWELS: Thank you. We've got a public comment section now. There are four people who had signed up for this, and then if there are any questions to the Grand Victoria people, we can address that then.

Ed Sullivan was the first person on the list, from the Rising Sun Regional Foundation. Mr. Sullivan? And we're looking at a couple minutes from anybody on the list here.

MR. SULLIVAN: Mr. Chairman, commissioners, and staff, I'm Ed Sullivan. As you mentioned, I've been the executive director of the Rising Sun Regional Foundation since late 1996, and I'm representing the foundation today along with several board members, legal counsel, and staff. Marianne



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Wiggers is out of town today so she couldn't follow up on her video comments.

After the initial comments from the gentleman for the Center of Urban Policy, I'm not sure I can say much more about the foundation. That kind of shortened my remarks considerably, and I appreciate, we all appreciate, that the foundation is evaluated in those terms.

However, I just will make just a very few remarks to clarify just a couple of things and add to them. One is, we clearly think that the creation of the Rising Sun Foundation was one of the more unique features to the original license agreement between the city and Grand Vic, and we think that it's brought substantial benefit to the region, as been pointed out by a number of speakers.

Second, in terms of the total income that we've received, some close to 24 million, as Scott indicated, and made



1 grants of 15.7 million to date,
2 you're probably wondering where the
3 other 8 million went, and that -- and
4 almost totally is set aside into an
5 endowment fund to be used for future
6 grant making purposes, and then
7 approximately a million-plus dollars
8 has gone into administrative expenses
9 which have ranged in the 7 to 8
10 percent since we began.

11 I have to just page through here now,
12 because a lot of what I was going to
13 say has been covered.

14 But I think one of the more
15 aggressive approaches that we have
16 taken that, in addition to
17 unsolicited grant applications of
18 which we receive or have in the past,
19 close to a million dollars every
20 quarter, we've taken on several major
21 initiatives which we think is a good
22 role for the foundation to play.

23 It's been alluded to, and I'll just
24 highlight it, that in early 1997
25 through probably 2003 we've helped



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create four community foundations in Ohio County, Ripley County, Dearborn and Switzerland Counties through grants of close to \$3 million and extensive technical assistance provided by the foundation staff. In fact, my background for the previous 20 years has essentially been in community foundation development administration.

Today, collectively these four foundations administer some 30 to 40 million in endowed assets, which literally guarantees a future grant-making capacity in this area that there really was none of that before 1997.

Second, as mentioned by Marianne Wiggers in the video, another major initiative was education technology. We've contributed some 2.5 million to date to both public and private schools in our region that has raised student computer ratio from one of the lowest to the top 5 percent in



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the state.
And just this past year, which I think we're most excited about, the foundation has undertaken an economic development initiative through both grants and loan and staff time. Our goal is to build upon the momentum already provided by that significant economic generator, the Grand Victoria Casino, to a more diversified economy, especially here in Rising Sun and Ohio County, but throughout our grant-making region as well.

As we understand it, some of the intent of the original gaming legislation back in the early '90s was, in fact, to provide spin-off economic development, and we're intent on making that happen in this area.

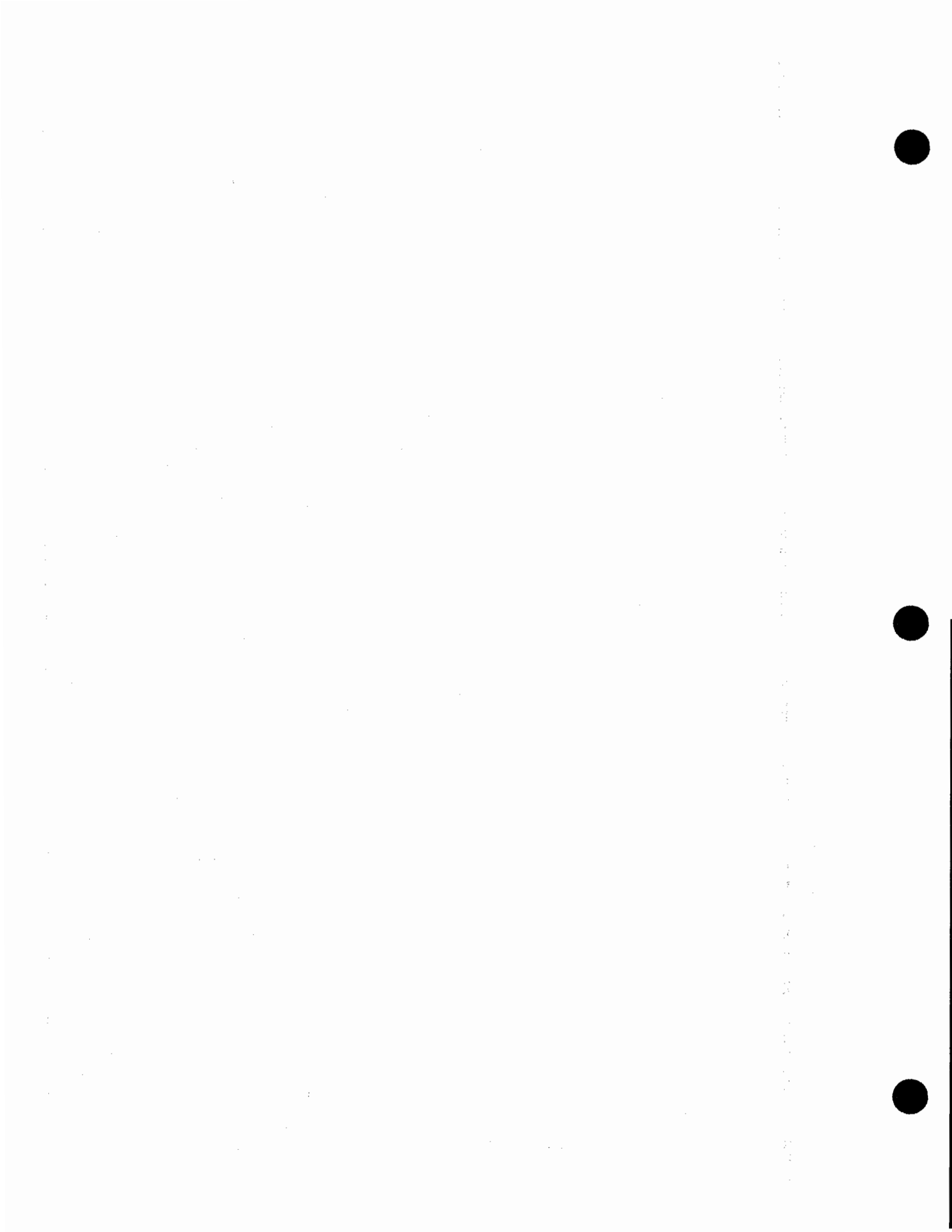
For example, the foundation has made planning grants to both Ohio and Ripley Counties, in partnership with the city of Rising Sun and Ohio



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County and the Ripley County Economic Development Corporation to contract with an economic development consultant to develop strategic plans for both counties.

In addition, and perhaps as significant, the foundation has allocated a substantial amount of funding to allow me to serve as the halftime economic development coordinator for Rising Sun, Ohio County, to work with local entities to put expanded and diversified economic development on a fast track. Some of the progress that we have made over just the past six months or so include the expected purchase yet this month of the first 5 acres of a planned 21-acre business park just north of town on State Road 56, initial planning to develop an Ivy Tech satellite facility in Rising Sun, the planned construction of a new high end town house condominiums on the river, which is I believe some



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of the first residential development of new housing for many years in Rising Sun.

We're coordinating marketing events and plans with Grand Vic, as Scott and others indicated, to bring more visitors to the community and to Grand Vic, especially the strength of downtown Rising Sun.

And, finally, the exploration of a new ferry boat service from Rising Sun to Boone County, Kentucky, that we think will facilitate more traffic across the river for benefit of workers on both sides of the river and for increased tourism, and to increase visitors to Grand Vic.

As the foundation, we feel that this is a very worthwhile and proactive role for RSF to play made possible through the ongoing income from the Grand Victoria Casino to the foundation.

We think that this is just a start in terms of more aggressive economic



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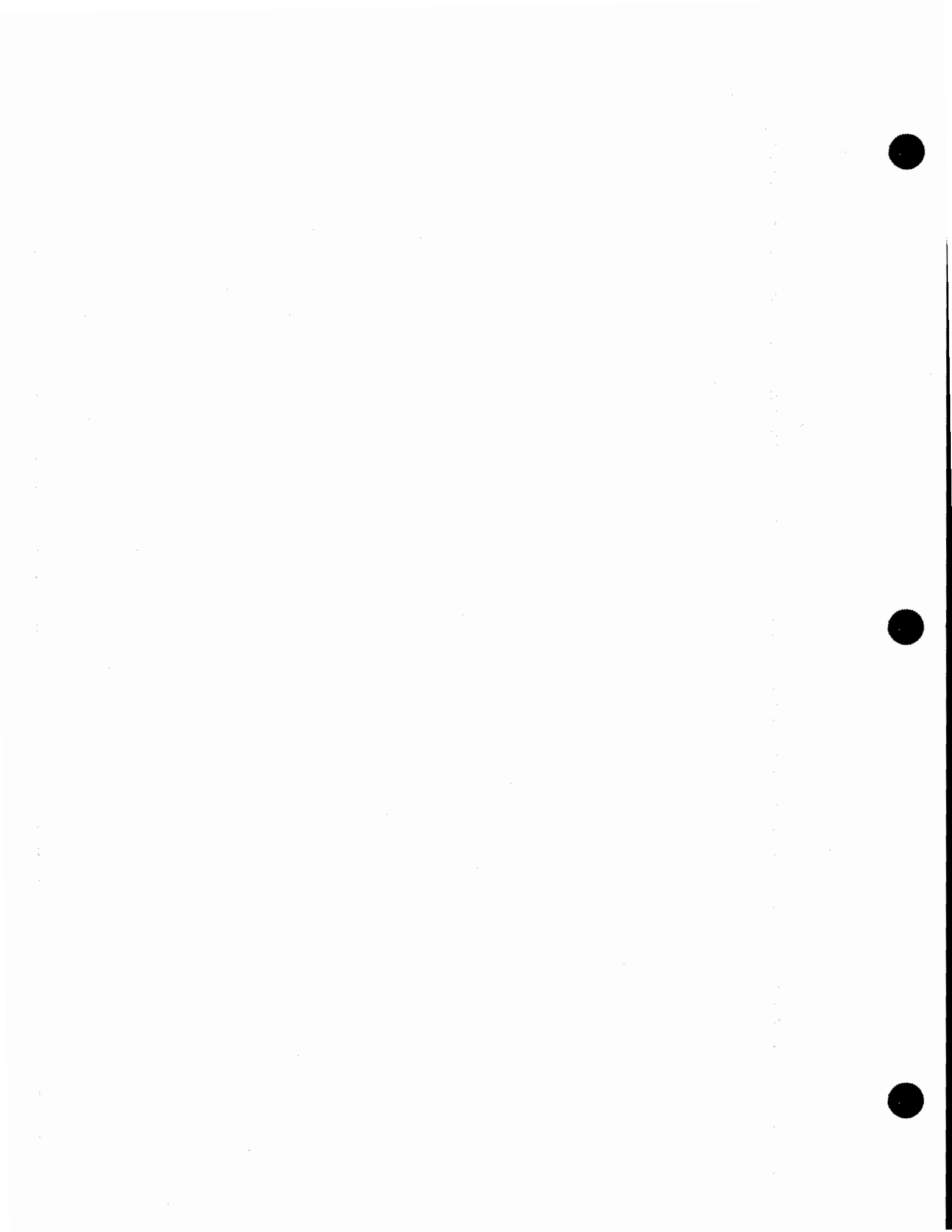
development, and we intend to pursue this over the next five to ten years. We also agree with Pete Liguori's comment that having Scott Cooper as general manager is a major asset. We don't believe that probably in the past eight years that communication between the community and the Grand Vic has been more successful than it is.

And I also would like to say that others include Mark Hemmerle, Steve Jiminez, and Daryl Paddock, and other staff who also bring a good deal of expertise that we're bringing into the community affairs.

So with that, we clearly agree that we also recommend the renewal of the license for Grand Victoria Casino, and that's all I have to say. Thank you.

CHAIRMAN VOWELS: Thank you, Mr. Sullivan.

Rob Reiners, Ripley County commissioner. Did I pronounce your name correctly?



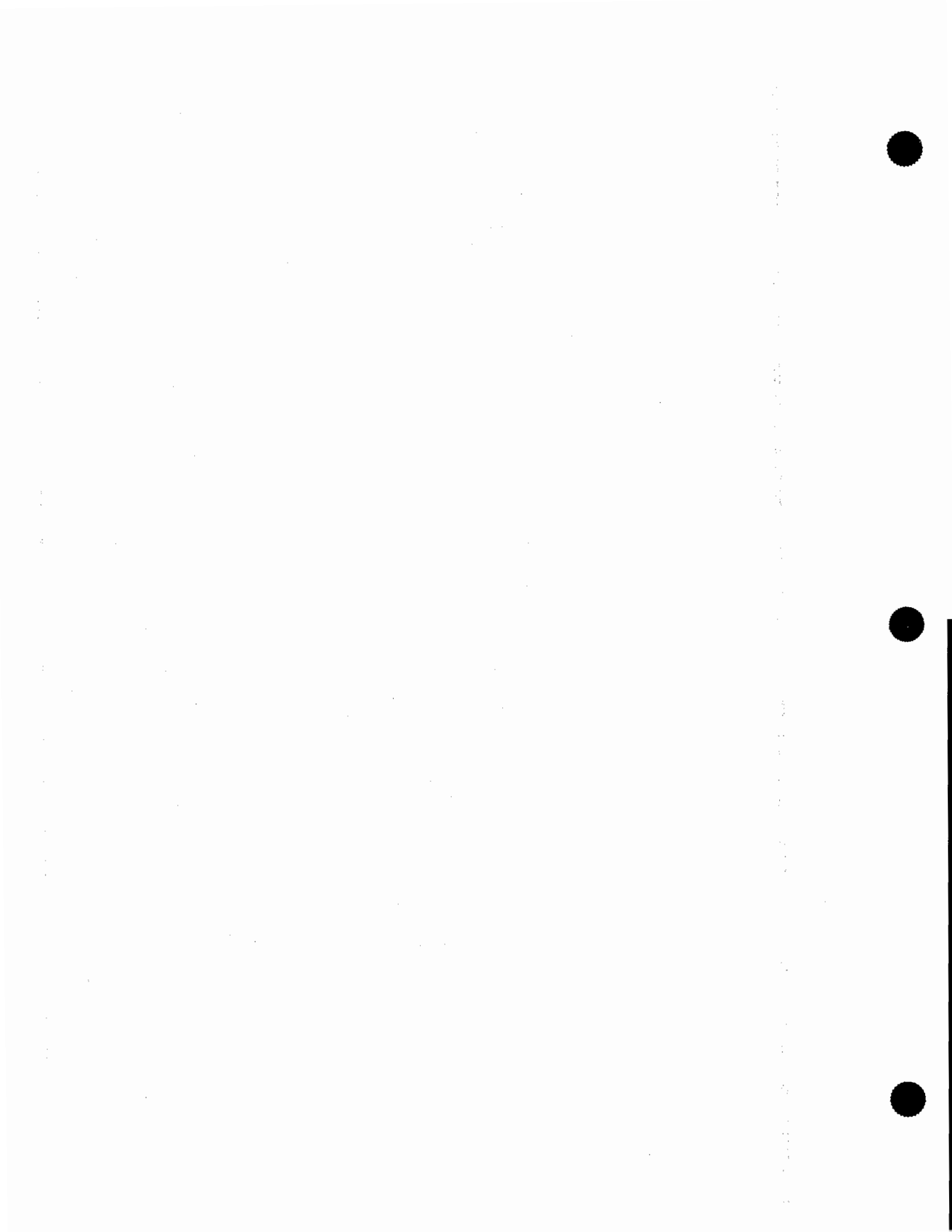
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MR. REINERS: It will be short, I guarantee you.
Hello to the members of the
commission. My name is Robert
Reiners, I'm one of the Ripley County
commissioners.

It is my pleasure to be the person
that will tell the gaming commission
what the revenue sharing has meant to
Ripley County and the towns in Ripley
County.

We are a fairly large county in the
southeastern corner of Indiana. Our
population is approximately 26,000
citizens, with about 720 miles of
roads to maintain. We do not have a
large tax base to work with, which
makes some of the necessities that
all counties need very hard to come
by.

With the monetary sharing of Ohio
County and the city of Rising Sun,
dreams and hopes became reality, from
technology equipment for our
courthouse and other government
buildings to updated heavy equipment



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for our highway department, a new jail being built, with no tax increase to our property owners. Also, the addition of a 24/7 paramedic system in January of '04 to assist our present EMS system, which has already saved the life of a 14 year old boy and several others. These are some of the accomplishments that have been made with their generosity. The impact that these grant awards past and present have made to our community are totally unbelievable. The morale of our employees have reached new heights. We achieve goals that would have taken years to accomplish, and some that never would have happened without the generosity of Ohio County and the city of Rising Sun. In closing, I would urge the gaming commission to relicense the Grand Victoria, and I thank you so much for the opportunity to tell everyone involved what this sharing has meant



1 to our county. Thank you very much.

2 CHAIRMAN VOWELS: Thanks, Mr. Reiners.

3 Then Dillon Dorrell of the Ohio
4 County Council.

5 MR. DORRELL: My name is Dillon Dorrell, Ohio
6 County Council, and I'll be brief.

7 You won't have to use the green,
8 yellow, and red light.

9 We want to thank the gaming
10 commission for visiting Rising Sun,
11 Chairman Vowels, and committee
12 members. And I'm sure Chairman
13 Vowels remembers when we had Rising
14 Sun first. We've gotten here, we've
15 came before the commission, we
16 pleaded our case for this small
17 community, one of the poorest areas
18 in this state.

19 We made commitments to the gaming
20 commission, we've made promises. I
21 just hope we've lived up to those
22 expectations of the commission.

23 In closing, we appreciate the -- the
24 license awarding to Grand Victoria by
25 Hyatt. They've been a tremendous

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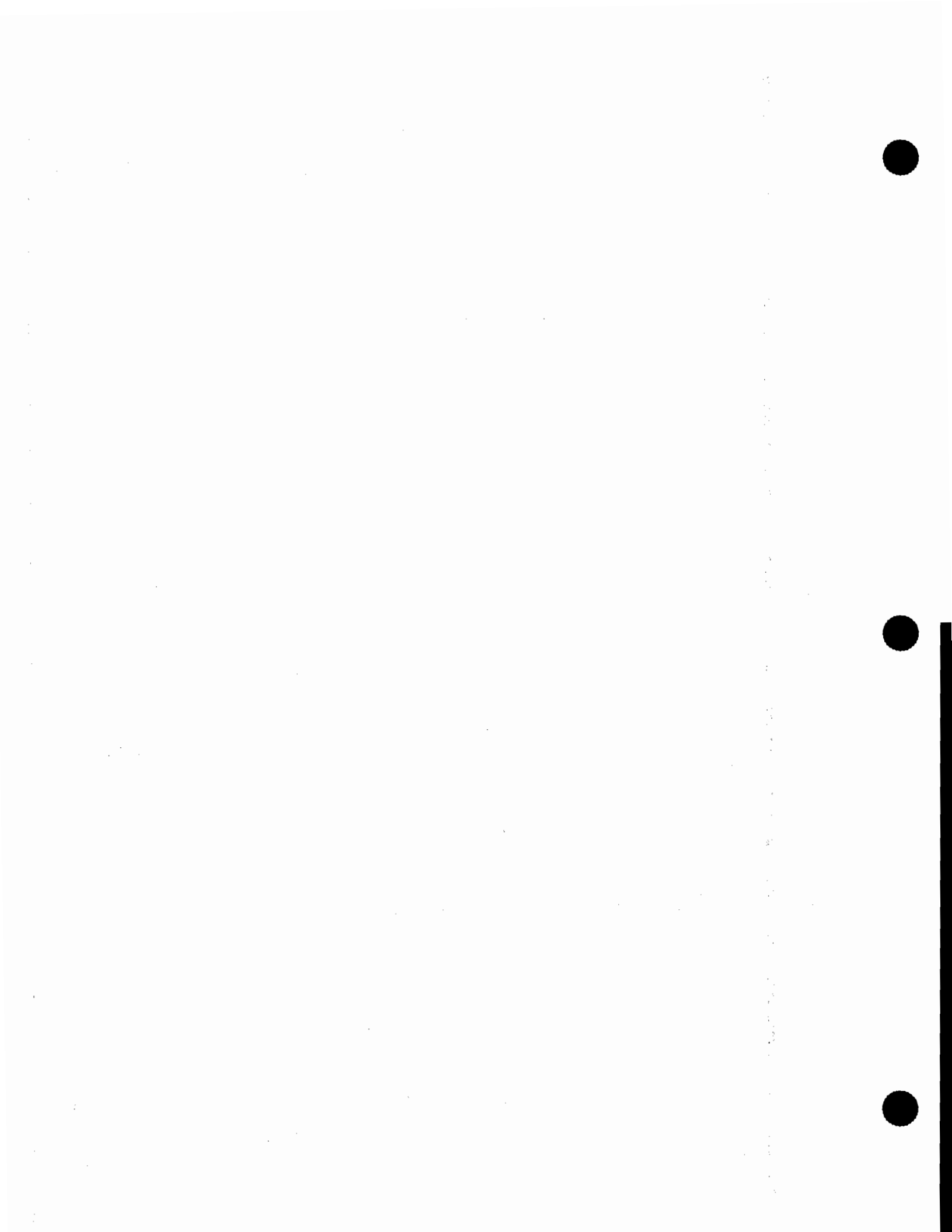
business partner. We've received economic benefits no other industry could have accomplished. Thank you, sir.

CHAIRMAN VOWELS: Thank you. It's Sally Pryse? It's P-R-Y-S-E; is that right?

MS. PRYSE: Yes. Hi, I'm an employee at Grand Victoria. I've been here since day one. I just want to let everybody know about the support and help that I've gotten from Grand Victoria. I've just obtained my GED last week due to the help from the people from Grand Victoria. And I've lived here in Rising Sun, and I've seen the difference that the boat has made in the community. Thank you.

CHAIRMAN VOWELS: Thank you. All right. It's come to the point where we look to see if any of us have any questions on these -- the issues that we have.

Again, we've got the Center for Urban



1 Policy and the Environment prepared,
2 Mr. Klacik and the people there, and
3 the state police investigation, the
4 report's there and the public record,
5 the portion here that is public
6 record, that was submitted to the
7 commissioners from the state police.
8 Is there anything else you wanted to
9 add?

10 MR. LIGUORI: Not at this time, no.

11 CHAIRMAN VOWELS: I would just point out as I sit
12 here and listen, I read through your
13 biographies and all the stuff about
14 you, and just to let anybody know who
15 needs to suck up, Monday's his
16 birthday, so -- Is that right?

17 MR. LIGUORI: Yeah.

18 MR. BARLOW: We know everything.

19 CHAIRMAN VOWELS: Any questions?

20 MR. BARLOW: I have a couple of questions. I
21 guess I'm curious whether the
22 presentation addressed the mayor's
23 concerns about capital improvements
24 and marketing.

25 I think it addressed them for me, but



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I don't know whether, from the mayor's perspective, they were addressed or not. I guess I'd ask the mayor that. The 17 percent -- or 17 million and then there was some references to the marketing efforts.

MR. MARKSBERRY: Yes, I do believe that this is the committee that I was talking about, and we're slowly working towards that. And I do believe with the help of Mr. Cooper as the manager, that some of these things can be worked out and we can move on. I just wanted to make sure that part of that was addressed because it was brought up in 2001.

MR. BARLOW: I made notes as you spoke and then his -- your comment was capital improvements and that's what their heading was, it said 17-plus million. I thought that seemed significant, and I wondered if you did.

MR. MARKSBERRY: What we were kind of looking at is the extra rooms that are needed. We felt that would bring up --

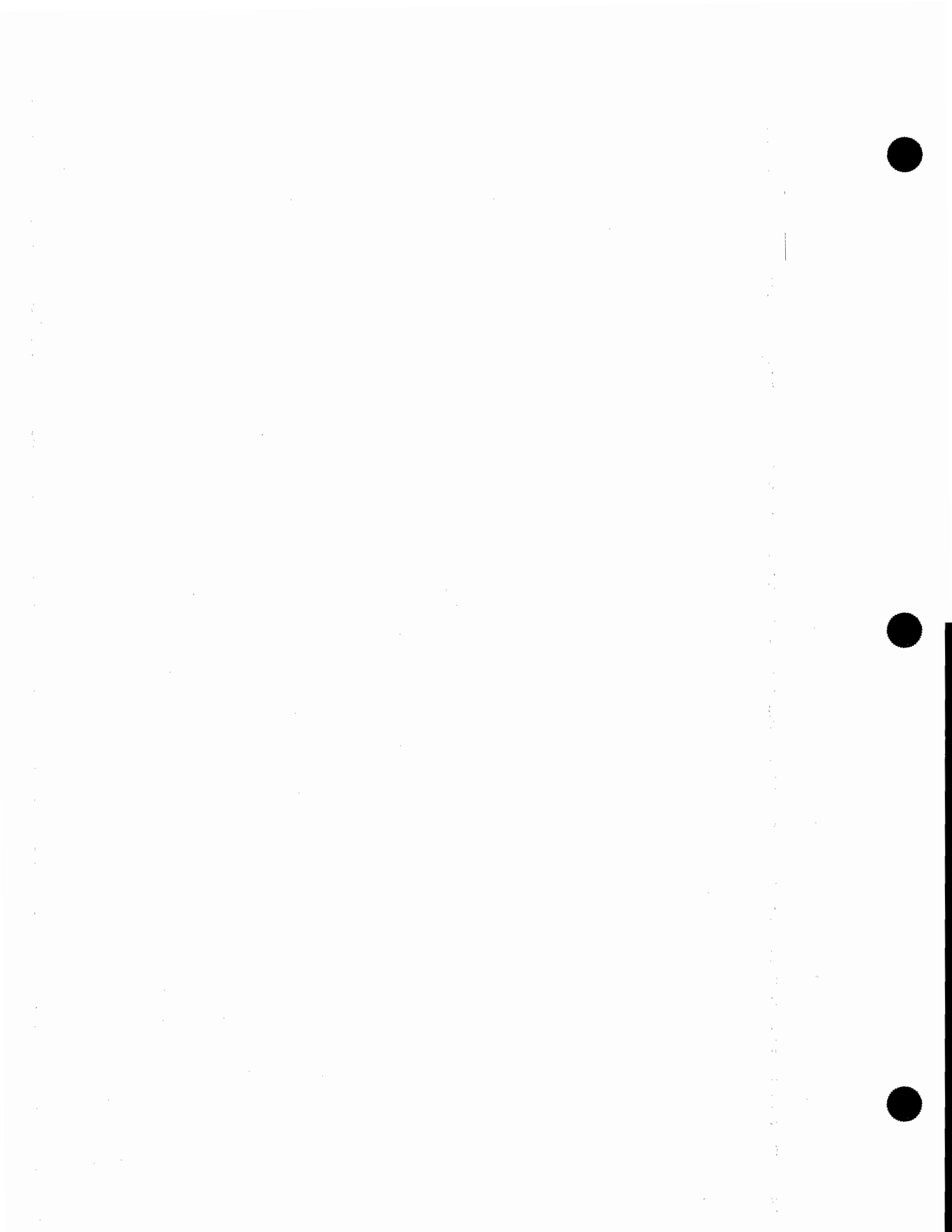


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MR. BARLOW: I guess maybe Mr. Liguori or Mr. Cooper might address that.

MR. LIGUORI: Sure. We are -- Let me I guess address the marketing question first. We actually are spending approximately 50 percent more in total marketing dollars since 2001 largely because the competitive nature in Indiana's changed significantly with dockside and other competitors up the river, Belterra. So from a raw dollars standpoint, and even as a percentage of gaming revenue, we are significantly spending much, much more money in terms of promoting the region, promoting the boat, promoting the pavilion.

I think that as we look ahead, as I said earlier in my presentation, we are actively and honestly evaluating opportunities to move the property forward. We have every incentive to. As you know, the Pritzger family owns 80 percent of this location, so if we



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are able to drive additional business, my boss has made it clear to me that that's what he wants to do. So obviously we have financial incentives to do that as well, but ultimately benefit the state and county.

So I think that the dialogue we've started with the city recently about the hotel rooms is something that we plan on fully exploring. We've done a number of studies over the years on just that issue and have determined that, based on our marketing approach, our marketing location, and our customer needs and their demands, that the hotel didn't make sense. Now we're going through that same process again, a much smaller facility, a different mix, 20 suites, 80 regular rooms, and we're going through that same process again. And our objective always is to right size the property, whether that means overhauling and reinvigorating the



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pavilion, we've added the tracks in this theater to create the small meeting room flexibility, we recognized we had a need, customers were coming in and asking us to do these things. We kept saying no, no, no. Eventually we said we need to figure this out because we're losing a lot of business that may be out there.

And as Scott alluded to, we've got over 12,000 people come through the facility that were never here before. So clearly I think we're demonstrating that we have a desire and are following through on that when we determine that it makes economic sense to do it.

So do I know what the final outcome is going to be? I honestly can't tell you that today. But I know that, as I said earlier, we'll work through the issues with the city, sort out what makes sense, and if we believe that it benefits everybody,



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we'll move forward.

MR. BARLOW: Answers it for me.

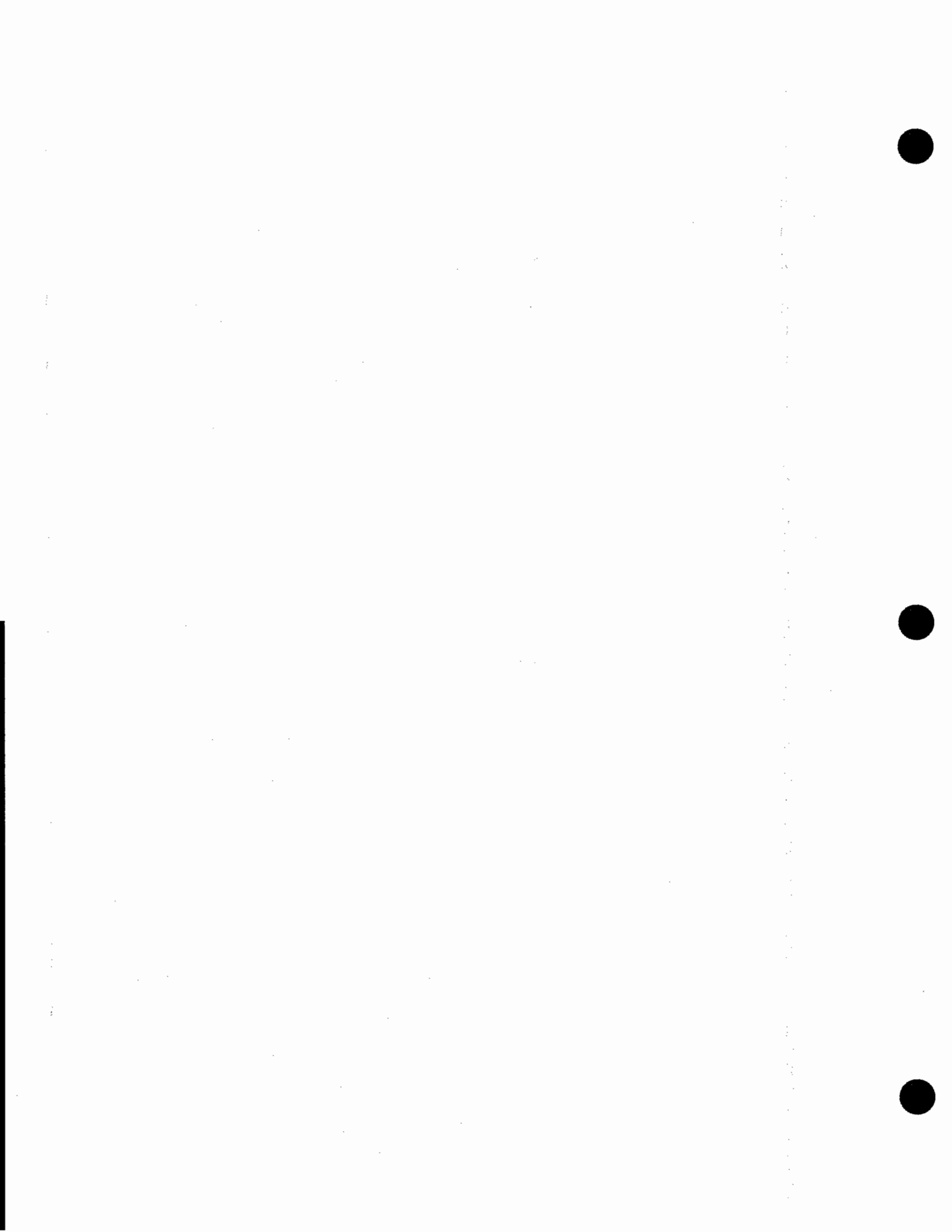
CHAIRMAN VOWELS: Anything? Nothing?

As I was looking, we have the third quarter minority- and women-owned business participation report that staff had included in here with us, and this is based on the third quarter reports by the riverboats. They haven't been audited by the staff yet.

But looking at Argosy, and this is for the third quarter so I don't know what the average is for the -- for 2004 or up to this point, but this is for the third quarter. The minority business enterprise is at 18.44 percent and women's business enterprise is at 10.26 percent.

According to this, you guys are 11.9 percent of minority business enterprises versus Argosy at 18.44, 6.9 percent of women business enterprise versus Argosy at 10.26.

And this is just for this third



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quarter, so I don't know what the whole year looks like. I just have this snapshot. Why the difference? Can you tell me?

MR. LIGUORI: Honestly, it's a function of the types of expenditures that they make versus what we make. We don't necessarily use the same vendors, per se. In some cases we have worked through relationships with local vendors to become certified in an effort to try to promote some activity locally as well. So I don't know the specific reasons why there's a difference. It may be construction related, I honestly couldn't say off the top of my head. I know when we do construction and it's a large project, we tend to get a spike as well.

CHAIRMAN VOWELS: Belterra, on the other side of you, was at 20.38 on the minority and 12.51, so they're even higher than what Argosy had.

And maybe it is the construction, but



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I just wondered -- I mean, you've met your numbers, the 10 percent and 5 percent, but --

MR. LIGUORI: I think the trend has actually been up last year versus this year, and as always we are always looking to improve the numbers. So that commitment is there.

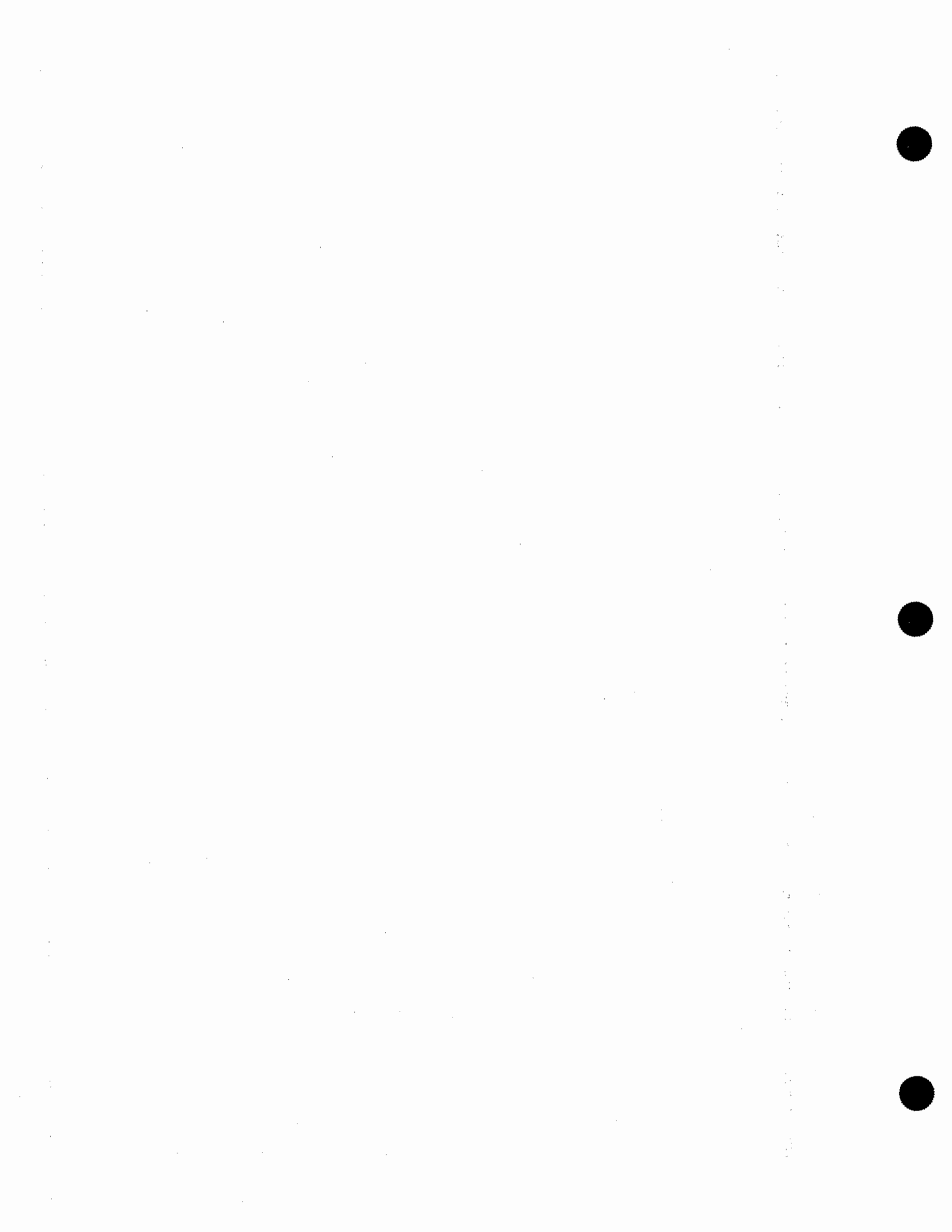
CHAIRMAN VOWELS: Is there anything further from anybody? All right, thank you. We have in front of us, then, the order of the Indiana Gaming Commission in reference to the renewal of the riverboat owner's license to Grand Victoria Casino and Resort, LP. Mr. Osborn, is there any legal reason that you know of that Grand Victoria's license could not be renewed?

MR. OSBORN: No, sir.

CHAIRMAN VOWELS: All right. And according to the documentation that we have, on July 28th, 2004, Grand Victoria requested renewal of this license, and at that



1 time -- on or about that time paid
2 the \$5,000 fee.
3 This would be a renewal for the
4 riverboat owner's license for a
5 period of one year, from September
6 16th, 2004, to September 15th, 2005.
7 At the earlier meetings we had
8 temporarily extended this to meet
9 today; is that correct?
10 MR. OSBORN: That's correct.
11 CHAIRMAN VOWELS: Okay. All right.
12 Is there a motion in reference to the
13 renewal of the riverboat owner's
14 license?
15 MR. BARLOW: I'll make the motion.
16 CHAIRMAN VOWELS: Is there a second?
17 MR. MILCOUREK: Second.
18 CHAIRMAN VOWELS: Any further discussion?
19 All those in favor of renewing the
20 license say aye.
21 (Aye responses given.)
22 CHAIRMAN VOWELS: Show that it is renewed and
23 congratulations.
24 We are basically finished here except
25 for real quick to Mr. Lawrence and to



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Miss Arnold and Mr. Osborn -- I'm not going to be negative about this, Ms. Brodnan, I think you'll be around -- it's -- it's going to be strange and different without these people.

As chairman, I've been in the loop and -- because of them and very reliant on them. I don't kid myself that this is their life and the fact that they work this day in and day out and we just sort of swoop into town and get the stuff FedExed to us and read through it. They have kept me updated.

But it's going to be really strange without them, and the remarks that were made earlier about this commission staff ring true, you know, as most of my life is not on the gaming commission, it's out in the private sector in dealing with people who are -- work for the government, and I wish I would always come into contact, when I deal with people who work for the government, as you guys



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are lucky enough to get to deal with these people.

If everybody was of this caliber, this country would be in a lot -- not that it's in bad shape, but in wonderful shape if every commission and every government office had people of this caliber.

So it's going to be rotten without them, and I'm going to miss them, and when I come to Indianapolis they -- regardless of where they work, they have to have a beer with me.

MS. ARNOLD: We can do that.

CHAIRMAN VOWELS: We have our chairman's club on the night before; and I won't be chairman anymore, I don't think, but there will be one of you guys so you'll have to pick where we drink, so there you go.

So that's pretty much it. I will take -- Okay. It's going to be strange, but, you know, that's the way life is.

Like to thank everybody for being



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here today. We don't know when we will have our next meeting. The business meeting was adjourned earlier, so I don't think we have to do any formalities. Anybody have anything they want to say before we close?

MR. BARLOW: I'd like to second your remarks about Glenn and everyone else on the commission staff. They're great to work with.

CHAIRMAN VOWELS: It certainly has made it a lot easier. So we shall see. Okay. We'll call it a wrap.

(MEETING CONCLUDED AT 3:20 P.M.)

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