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GAMING COMMISSION
PUBLIC MEETING

Conducted on SEPTEMBER 26, 2005

At: INDIANA GOVERNMENT CENTER
CONFERENCE ROOM B
402 WEST WASHINGTON STREET
INDIANAPOLIS, INDIANA

A STENOGRAPHIC RECORD

By: Peggy Morgan
Notary Public
Stenographic Reporter

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A P P E A R A N C E S

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COMMISSION MEMBERS:

HAROLD CALLOWAY - CHAIRMAN

ERNEST YELTON - EXECUTIVE DIRECTOR

JENNY ARNOLD - DEPUTY DIRECTOR

PHILIP SICUSO, GENERAL COUNSEL

KEVIN MAHAN, SUPERINTENDENT GAMING AGENTS

TIM FESKO

MARYA ROSE

DON VOWELS

TAMI TIMBERMAN - ADMINISTRATIVE ASSISTANT



1 MR. CALLOWAY: Good morning, we're going to
2 call the Gaming Commission to order at this
3 time.

4 I would like to introduce a new
5 commissioner, Scott Newman. Scott is presently
6 CEO of Strand Analytical Laboratories of
7 Indianapolis. Mr. Newman left the private
8 practice of law, at the litigation department of
9 the nationally recognized firm of Barnes and
10 Thornburg, to form Strand Laboratories, in 2004.

11 Before joining Barnes and Thornburg, he
12 served two terms as the elected prosecuting
13 attorney for Marion County, from 1994 to 2002.
14 He previously served as an assistant United
15 States Attorney for the Southern District of
16 Indiana, and as counsel for medical affairs at
17 Anthem, Incorporated.

18 Scott graduated Summa Cum Laude from
19 Princeton University. He graduated Magna Cum
20 Laude from the University of Michigan School of
21 Law.

22 At this time we would like to ask the head
23 table here to introduce themselves, starting
24 with Scott Newman.

25 MR. NEWMAN: Scott Newman, you heard more



1 about me than you wanted to.

2 MR. FESKO: I'm Tim Fesko, I'm from Lake
3 County.

4 MS. ROSE: Marya Rose, from here in
5 Indianapolis.

6 MR. ROBINSON: Bryan Robinson, Floyd
7 County.

8 MR. VOWELS: Don Vowels, from Vanderburgh
9 County.

10 MR. CALLOWAY: Harold Calloway, from
11 Evansville.

12 MR. YELTON: I'm Ernie Yelton, executive
13 director.

14 MS. ARNOLD: Jenny Arnold, deputy director.

15 MR. SICUSO: Philip Sicuso, general
16 counsel.

17 MR. MAHAN: Kevin Mahan, superintendent,
18 division of gaming agents.

19 MS. TIMBERMAN: Tami Timberman,
20 administrative assistant.

21 MR. CALLOWAY: Thank you. You've been
22 mailed the minutes of our previous meeting. At
23 this time we will entertain a motion to accept
24 the minutes as mailed.

25 MR. VOWELS: I will move to approve.



1 MR. NEWMAN: Second.

2 MR. CALLOWAY: It's been moved and a second
3 made that the minutes be approved. All those in
4 favor let me know by a voice vote of aye.

5 (ALL COMMISSION MEMBERS VOTED AYE.)

6 MR. CALLOWAY: Any opposed?

7 (NONE)

8 MR. CALLOWAY: Motion carried.

9 I would like to now get a report from our
10 executive director, Ernie Yelton.

11 MR. YELTON: Thank you, Mr. Chair. When
12 Hurricane Katrina hit the Gulf Coast, all
13 Hoosiers responded immediately to aid and
14 comfort those fellow Americans in desperate
15 need. And the Indiana Gaming Commission was no
16 exception. We had four boats, Horseshoe,
17 Blue Chip, Belterra and Caesars who had parent
18 properties that were severely damaged or, in
19 some cases, completely destroyed.

20 In an effort to assist, and with the
21 approval of Governor Daniels, I entered in an
22 emergency waiver that allowed licensed employees
23 of the affected properties to begin employment
24 in their Indiana sister boats, with licensing
25 and fee requirements eliminated. The order will



1 be effective for a 90-day period, and each of
2 the boats have agreed that these victims would
3 not replace existing Indiana employees. To
4 date, 55 displaced workers and their families
5 are now in Indiana and gainfully employed.

6 While this may not constitute an incredible
7 number of people, the commission takes pride in
8 making a most unfortunate situation somewhat
9 less painful for those workers and their family
10 members.

11 Next we have 14 waivers to announce to the
12 members of the commission. Argosy, since our
13 last meeting, was provided two waivers. The
14 first was to allow the use of 25-cent value
15 chips. The second was to waive the signature
16 requirements for multiple transaction logs, so
17 that an automated system would be used to
18 generate those logs.

19 Grand Victoria was granted four waivers.
20 One was a similar waiver, to allow testing of an
21 automated system for generating multiple
22 transaction logs in the table games area. Next,
23 it was granted a waiver to allow reserve hopper
24 fills to be completed the next morning, instead
25 of on the same gaming day. Further,



1 Grand Victoria was granted a waiver to allow the
2 retention of only digital images of paychecks
3 for the payroll and accounts payable accounts.
4 And, finally, it was allowed for the cashing of
5 credit card advance checks, without established
6 check cashing privileges and without recordation
7 of certain information on the checks when the
8 automated check guarantee service was used.

9 Belterra was granted four waivers. One was
10 allowed for the decommissioning of the hard
11 count rooms, which is now 100 percent teto.
12 Second, was allow them to waive their currency
13 collection teams requirement to collect the drop
14 boxes to five days a week, rather than every
15 day, as long as those collections also took
16 place on the weekends. Thirdly, Belterra was
17 granted a waiver to allow the use of dual
18 optical turnstiles to provide two counts of
19 patron admissions in place of tickets. And,
20 finally, Belterra was granted a waiver to allow
21 tip count teams to be comprised of two dealers,
22 instead of one dealer and one cage cashier.

23 Blue Chip was granted a waiver allowing for
24 a second exit door within the soft count room,
25 which would only be operable from the inside, as



1 an emergency exit.

2 Caesars was granted a to allow the printing
3 of surveillance photos at the location of the
4 requester of the photo without a surveillance
5 signature.

6 And, finally, Resort as given two waivers.
7 The first was to allow the removal of a drop
8 door meter switch on the teto and able games.
9 And, finally, it was allowed to use the six spot
10 Blackjack lay out instead of the seven it had
11 been using.

12 Members of the commission in advance of our
13 next meeting you will be once again receiving in
14 your packets a list of the waivers that will
15 have been granted since this meeting and before
16 the next. However, at the meeting, instead of
17 me reiterating each one during the public
18 meeting, I will only summarize their nature and
19 open the floor for any questions commission
20 members may have.

21 Next, Mr. Chair and members of the
22 commission I would like to report on the status
23 of our minority and woman business enterprise
24 project.

25 Our legal staff has recommended that we



1 conduct an industry specific minority and women
2 business enterprise capacity utilization and
3 disparity study to recognize supportable goals
4 for each of the river boats. We have a
5 preliminary proposal from Drew Klassic (sic)
6 from the Center of Urban Policy at IUPUI. As
7 you know, Drew is recognized as the state's
8 expert in this particular area. However, we
9 will finalize a contract for the study and
10 report its timetable at the next meeting.
11 Staff, however, has already begun an audit
12 process to assist Drew in putting these figures
13 together. Until then we will continue to impose
14 our goals of 10 percent purchases for minority
15 business enterprise and 5 percent for women's.

16 While we were attending the D2E two weeks
17 ago, we discovered that we will be the first
18 state in the nation to conduct such an industry
19 survey and disparity study. So it is our
20 intention to create a national model for use in
21 the gaming industry throughout the United
22 States.

23 The next item is a discussion of our new
24 table approval procedure. We have determined
25 that our approach for approving games requests



1 has not been an efficient utilization of human
2 resource, to say the least. Plus, there have
3 been many occasions where once research was
4 concluded and approval given, a decision was
5 made by the boat not to utilize the game.

6 As a result, we have adopted a new
7 procedure that requires the following: One, all
8 rules must be submitted to general counsel and
9 GLI. Two, GLI will conduct an analysis of the
10 game and report its findings. Three, all
11 specific information regarding the game and its
12 use must be submitted. Four, the casino must
13 commit -- this is the most important. The
14 casino must commit to sponsor and promote the
15 game for not less than 60 days. Fifth, the
16 supplier must specify the manner by which it
17 pays the cost of GLI's analysis, and any fees
18 they may receive from the boats.

19 If all prerequisites are met pursuant to
20 the regulation, I can authorize a six-month
21 conditional approval of the game. Thereafter, a
22 review will be conducted to determine whether or
23 not the game will receive permanent approval.
24 This procedure also eliminates the need for
25 specific commission consent at a public meeting



1 before the game could be instituted. This
2 policy became effective on September 19th.

3 Any questions on the policy, members of
4 commission?

5 We have a new member of our staff, and I'm
6 pleased to introduce him to you. We now have a
7 replacement of our receptionist,
8 Mr. Norman Jones. Norm, where are you. There
9 you go.

10 Norm comes to us from the Indiana Office of
11 Utility and Consumer Counselor. You know I've
12 always been rather adamant about having
13 assurances that the personality and the
14 appearance of the individual at the front desk,
15 who the general public comes into first contact
16 with, leaves an impression that reflects the
17 respect and professionalism we hope that our
18 office has. And, without any question, Norm has
19 been able to accomplish that task for the
20 commission.

21 We couldn't be more happy to have him with
22 us. He treats every individual, whether in
23 person or on the phone, with courtesy, patience
24 and respect. And we're very fortunate to have
25 him with us. So, welcome aboard, Norm.



1 MR. JONES: Thank you.

2 MR. YELTON: As we reported to you, we were
3 hopeful to have action on our record retention
4 schedule. On August 18th the Indiana Commission
5 of Public Records officially approved phase one
6 of our schedule. Now this action allows us to
7 process 13 categories of records, that have been
8 accumulating at a massive level ever since the
9 inception of the commission.

10 Clarence Wong, who we've hired on a
11 part-time basis, has been working arduously upon
12 organizing and sorting literally hundreds of
13 boxes of materials, that soon will be able to be
14 shipped to the state's archives for storing,
15 freeing up much needed space for us at the
16 agency. In the near future, the committee will
17 be reconvening and organizing phase two of the
18 schedule, to be presented to the commission for
19 adoption.

20 Finally, and before the executor, I need to
21 report on the East Chicago litigation. Far be
22 it from me to register any complaints about the
23 progress of litigation in the court, but shortly
24 after East Chicago filed its request for
25 judicial review of your approval of the transfer



1 of Harrah's license to Resorts, Judge Arredondo
2 recused himself and requested the Indiana
3 Supreme Court to select a special judge.

4 Well, after weeks of waiting for that order
5 not to appear, I contacted the Indiana Supreme
6 Court to check on the status, only to learn that
7 Judge Arredondo's order had never been received.

8 I immediately contacted David Jensen, who
9 is our outside counsel for litigation, and asked
10 him to make inquiry up north. He discovered
11 that the order of recusal and certification was
12 still in the Lake County clerk's office. That
13 was quickly remedied and faxed to the Supreme
14 Court, where we are now eagerly awaiting the
15 appointment of a special judge to rule on our
16 filed motion to dismiss, which has been
17 completely briefed by all parties.

18 And, as you recall, I had asked the State
19 Board of Accounts and the Department of Revenue
20 to audit the Twin City Education Foundation, the
21 East Chicago Community Development Foundation of
22 Second Century, in response to allegations made
23 by Mayor Pavey of East Chicago. The State Board
24 of Accounts responded that it did not have
25 jurisdiction with which to act.



1 I spoke with John Eckert, who is the
2 commissioner of the Indiana Department of
3 Revenue, last week. He indicated that the audit
4 of the Twin Foundation was almost concluded, and
5 that the audit of Second Century was ongoing. I
6 anticipate we will have its report by the next
7 commission meeting.

8 However, since the audit only analyzed tax
9 revenues and tax issues, I've also had
10 discussions with the Attorney General's office
11 concerning the examination of the structure and
12 business practices of these three entities. The
13 attorney general's, Steve Carter, staff
14 preliminarily has indicated an acceptance of a
15 request that that office additionally
16 investigate the allegations made by the mayor.
17 Next week I will formally make that request to
18 the Attorney General, Steve Carter, for his
19 action.

20 And, with that, Mr. Chair, it concludes our
21 report from the executive director.

22 MR. CALLOWAY: Thank you. Any questions
23 from members of the commission?

24 Now we need a report from the
25 superintendent of gaming.



1 MR. YELTON: Probably the most exciting
2 moment for me, as executive director, over the
3 last eight months occurred on July 6th of this
4 year. On that morning I welcomed our new
5 superintendent of gaming agents, together with
6 our three directors of gaming agents, to our
7 family.

8 I couldn't be more proud, to be honest with
9 you, to have these four outstanding individuals
10 associated with our agency. The level of their
11 ability, commitment, drive to create in essence
12 an entire new breed of gaming regulatory and law
13 enforcement arm of Indiana's government has
14 surpassed that which I've ever experienced.

15 I consider it an honor to introduce you to
16 our superintendent, this morning, Kevin Mahan.
17 Kevin comes to us from Hartford City, where he
18 was serving his first term as sheriff of
19 Blackford County. He began his law career as a
20 patrol officer for the Hartford City Police, and
21 thereafter served an eight-year stint as the
22 chief deputy sheriff of the county and, in most
23 cases, probably acted in fact as the sheriff,
24 before becoming the successful candidate in the
25 year 2002.



1 During these years of law enforcement
2 service, Kevin also earned his degree in
3 business administration, from Indiana Wesleyan
4 University. The Indiana Sheriff's Association
5 quickly recognized Kevin's leadership abilities
6 and elected him as second vice president of the
7 association and, in an automatic progression,
8 ultimately to its presidency. And even
9 Governor Daniels himself has described Kevin as
10 one of the outstanding young accomplished
11 sheriffs in the State of Indiana.

12 Kevin's wife, Tanya, and their three sons
13 have graciously allowed to share him with us.
14 And at this point in time I am pleased to
15 introduce him to you. Kevin will give his
16 report on the gaming agents.

17 MR. MAHAN: Good morning, Mr. Chairman and
18 board. First and foremost I would like to
19 publicly thank Governor Daniels and also
20 Judge Yelton for this opportunity to serve as
21 Indiana's first superintendent of gaming agents.
22 It's truly an honor to have just received the
23 call, and then for me to come down here and take
24 on this responsibility. I really truly look
25 forward to representing the great State of



1 Indiana in this capacity.

2 It's very exciting to me to actually have
3 my thumbprint on a brand new agency for the
4 State of Indiana. I do take this challenge of
5 forming this agency from the ground up
6 seriously, and I promise each and every one of
7 you, and also our constituents in the State of
8 Indiana, my very best efforts.

9 With that in mind, we did hit the ground
10 running on July 6th, and it is my pleasure to
11 introduce to you the three directors that we
12 have currently for the gaming commission.

13 First of all, I would like to introduce to
14 you Kenny Rowan. Kenny is our director of
15 enforcement. He comes to us after serving ten
16 years with the Indiana State Police. Kenny's
17 duties are going to be overlooking law
18 enforcement agents that will be on the boats.
19 We are going to be hitting him next with going
20 and hiring about 99 agents. So, we really truly
21 consider it an honor to have Kenny on board.

22 Garth Brown, he's our director of
23 background investigations. He comes to us after
24 serving as an executive director in the
25 community corrections field. And Garth will be



1 overseeing five background investigators for the
2 commission.

3 Jim Beebe, he's our director of financial
4 investigations. He comes after serving as a
5 commercial lender for First National Bank and
6 Trust. Jim will be overseeing five financial
7 investigators.

8 One of the first things that we did
9 accomplish in 626 was, we were to design a
10 training curriculum in conjunction with the
11 Indiana Law Enforcement Academy. I made that
12 call to Scott Mellinger, and we did design a
13 training curriculum for our enforcement agents
14 and for our financial and background
15 investigators. We made a monumental deadline
16 there of August 15th, where the program was
17 presented to the Board of Directors at the
18 Indiana Law Enforcement Academy. And the
19 training curriculum did pass unanimously.

20 We then established a hiring and training
21 timeline for the investigators. As of last
22 week, we did hire the ten individuals, and they
23 will be beginning with us on October the 6th.
24 Of those, five individuals will be financial
25 investigators that I had mentioned. They're



1 going to be doing extensive work in the
2 financial realm, doing checking on the finances
3 of the key personnel in each riverboat. These
4 people do come with outstanding experience and
5 qualifications and education. And the other
6 five will be background investigators who will
7 conduct extensive investigations on key
8 personnel for their criminal backgrounds. And I
9 think that once you have the opportunity to meet
10 these ten individuals you will be quite
11 impressed as well.

12 As I did say, they will begin on October
13 6th. They're going to report on that Thursday
14 and Friday, to our offices, for a two-day
15 orientation. They will enjoy a three-day
16 weekend, then they will begin their two and a
17 half weeks of training. They will report to the
18 Indiana Law Enforcement Academy on October 11th.

19 The training is going to consist -- there
20 will be three days of training at the academy.
21 We do have one day of gaming law. There's going
22 to be one week of financial training. This is
23 what we worked out with the IUPUI Kelly School
24 of Business. They will conduct a one-week
25 training on financial. There will also be



1 background and form training and two hours of
2 ethical training. And we also have contracted
3 with the Reid School For Interview and
4 Investigation Techniques. That will consist of
5 their two and a half weeks. The first
6 graduating class of the investigation section is
7 going to be on Wednesday October 26th.

8 The Indiana State Police has been advised
9 that Friday, October 14th, will be their last
10 day for the investigators to be working there at
11 the commission. At this time we did hire a
12 company that's going to come in and reconfigure
13 the office space, to make it a little more
14 efficient, and then the new investigators will
15 begin their duties on October 31st.

16 Although many job descriptions have been
17 written and approved by the state personnel and
18 the governor, we are still finalizing job
19 descriptions for the enforcement supervisors,
20 the enforcement agents, and the enforcement
21 investigators. Once these job descriptions get
22 approved, we will then establish a hiring and
23 training guideline for enforcement agents.

24 As of today, our intent is once we get
25 these individuals on board we're going to



1 begin -- planning to begin up north with Trump
2 and Majestic Star. We are going to phase out
3 those two boats first. And that's going to be
4 kind of our guinea pig procedure there, before
5 we go to the other three boats in the north.

6 It's our goal to have all the boats
7 completed by July 1st of next year. We
8 currently perceive phasing out two to three
9 boats at a time. As of last week, we did
10 receive word that the governor has approved our
11 positions of executive administrator and
12 secretary II, and we do plan on bringing them on
13 board hopefully within the next week to two.

14 Along with writing each job description, we
15 have been charged with also designing our own
16 pay matrix. We did model our pay matrix of that
17 with the Indiana State Police. We do feel that,
18 with the salaries that we are able to pay, this
19 has created a very competitive process for the
20 hiring of quality individuals, and I think that
21 was demonstrated through our process here, that
22 we just had last week.

23 Again, I do want to thank everyone for the
24 opportunity to serve as your superintendent of
25 gaming agents. I do want you to know that my



1 door is always open, and please feel free to
2 contact me at any time.

3 Thank you, Mr. Chairman.

4 MR. CALLOWAY: You're welcome.

5 Moving on in the agenda. Old business, we
6 have none at this time.

7 New business, Ernie.

8 MR. YELTON: Members of the commission I
9 need to report about the Orange County project.

10 Last Friday, I mailed to you a joint press
11 release from Blue Sky and Majestic Star,
12 announcing their mutual decision to discontinue
13 their efforts to execute a management contract
14 for French Lick, and focus on their independent
15 ventures. Both Blue Sky and Majestic Star have
16 deep Indiana roots, and we welcome the
17 opportunity to promote our state's employment
18 and economic advances with both companies, in
19 the future.

20 The Indiana gaming commission staff and I
21 remain ready and engaged to review Blue Sky's
22 operating agents' proposal, to ensure a timely
23 and successful grand opening at Orange County.
24 To further this process I've asked
25 Steve Fergusson from the Cook group and



1 Vernon Back from the Walk group to be present
2 here today, and present to the members of the
3 commission Blue Sky's current direction and
4 status. Mr. Fergusson.

5 MR. FERGUSSON: Thank you Judge Yelton,
6 members of the commission. It's a pleasure to
7 appear in front of you and bring you up to date
8 on what's happening down in Orange County. As
9 you all know, from the Cook standpoint, that we
10 have a heavy responsibility to this commission,
11 to the legislature, to the people of this state,
12 to the governor and to the local community to
13 fulfill the expectations, which are high
14 expectations, that we have of ourselves and of
15 this project.

16 I would like to just bring you up to date,
17 and then Vernon is going to talk about some
18 details. But I wanted to let you know where we
19 are. As you recall back in the spring, we had,
20 for the first time, an opportunity on the Cook
21 side to be able to purchase the French Lick
22 Hotel. Also this commission determined that the
23 license would be reopened, so we were able to
24 enter into a joint venture with the Lauth group.

25 We also brought in one of the top



1 management companies in the country to take over
2 the management of the French Lick Hotel. I
3 think. For all of you who were there. You seen
4 an immediate improvement. I think if you're
5 there every day and you see the smiles and the
6 happiness on the employees' faces, and their new
7 tone. And the quicken in their step. And their
8 interest in this project and all what we're
9 doing, and the pride they have in themselves I
10 think you will all think this has been a
11 wonderful transition. We've added about 75 new
12 employees at the hotel. We've also improved the
13 benefit and wage program for the employees at
14 the hotel.

15 That leads me up to obviously you're
16 selecting us as the preferred applicant at the
17 commission meeting. Since then, we have not
18 allowed any grass to grow under our feet. And
19 in front of you there you have sort of a
20 pictorial update on where we are. And I would
21 just like to run quickly through that.

22 We are still on our timeline for December
23 of '06, for the completion of the casino, the
24 parking garage and the event center, the first
25 200 rooms of the French Lick Hotel, the



1 renovation of the Donald Ross Course, and the
2 teaching academy, we are on schedule for 2007.

3 If you recall, CSC has been involved in the
4 historic landmark and the restoration process of
5 the West Baden Springs Hotel. We plan on
6 starting actual completion of the rooms. The
7 common areas, the utilities, all of those things
8 are already done. We plan on starting in
9 January of '07, on completing of the rooms.
10 Benchmark Hospitality is working on the final
11 details for the design of the kitchen and
12 various other common areas that were not in the
13 original design. December of '07, we're still
14 on schedule to have the completion of the other
15 240 rooms in the French Lick Springs hotel.

16 The Donald Ross course, if you've been
17 there recently you will see a lot of
18 construction taking place. We completed the
19 design. As you know, we have the original
20 designs of Donald Ross, that take you back to
21 when the 1924 PGA was played on that course.
22 We've been over that, and we have some unusually
23 good 1926 photos from the era, so we have
24 completed the plans for the restoration of that.
25 The fairways have now been seeded to Bermuda



1 grass.

2 We have started on numerous items. The
3 sprinkler system was designed. We hope to start
4 on that this fall. We are in the process of
5 doing the redesign on the clubhouse, hopefully
6 starting construction on the restoration of the
7 clubhouse back to the way it was. So, the
8 Donald Ross course is moving along rapidly.

9 We've also been engaged in the design of
10 the second championship golf course, which will
11 be up by the West Baden Springs. We invited and
12 have had interviews and preliminary plans with
13 the Nicholas group, with Phil Michelson's group.
14 If you're a golfer, you will recognize those
15 names, and with Lee Smith who is one of the top
16 designers who's working on the Donald Ross
17 Course. We've decided that Pete Dodd is who we
18 want to design that course. Pete is extremely
19 excited about it, and thinks it can be one of
20 the world's finest golf courses, and he didn't
21 say that lightly, which get's me excited.

22 But moving along, Pete's working on the
23 design now. We hope to start clearing yet this
24 fall, with construction in full phase next year
25 on what I'm going to call the Pete Dodd course.



1 If you look at the pictures you can -- since you
2 were there in July, you can see the start of the
3 restoration of the lobby of the French Lick
4 Springs Hotel, and this is showing you the
5 pictures of Conrad Smith, who has also done the
6 West Baden Hotel, in terms of the lobby dome and
7 those areas in there. But you can see how we're
8 progressing with those internal designs.

9 Along the north wing of the French Lick
10 Springs Hotel, which will also be the connector
11 where we will have rooms, it's being --
12 everything has been cleaned out, all the
13 asbestos has been removed. The walls that were
14 not part of the fabric of the structure have
15 been -- some demolition is completed.

16 We're starting today on the demolition of
17 the front wing, which will complete the
18 demolition of 200 rooms, or the beginning to
19 clean that out on the front of the French Lick
20 Springs Hotel. We hope to complete that work
21 and start back with actual construction within
22 the next 30 days, on that.

23 There's also a site plan that you have seen
24 before, and that you saw at the commission
25 meeting. The event center is a little larger



1 than it was when we last met. We felt that that
2 needed some -- or, we did some various studies,
3 you will have sit-down dinners for 1000,
4 probably 1500 to 2000, for events within the
5 facility.

6 As you can see, the formal gardens are
7 going to be restored. The back area which is
8 now where you met when you had the commission
9 meeting will be taken off, and a new pool put on
10 the -- where the current meeting space is. We
11 felt like we needed to have an up-to-date state
12 of the art meeting space.

13 If you look to the next page you can see
14 the construction progressing. The first picture
15 is looking from the top of the French Lick
16 Hotel, down. This is actually the footprint of
17 the boat. The second picture is the footprint
18 of the event center, and where it will be. It
19 also shows -- you can see the tennis center in
20 the background, which is going to be three
21 skinned and brought back up to date. You can
22 see that the old metal building event center is
23 no longer there.

24 If you look at the bottom picture, you're
25 still on the fourth floor of the hotel, looking



1 due east across what was the golf facility,
2 that's Highway 145. So, you're looking really
3 at the entrance to the casino there, which comes
4 right off the stoplight at 145.

5 MR. VOWELS: Is that the parking lot there?

6 MR. FERGUSON: No, this is the foundation
7 footprint.

8 MR. VOWELS: In the bottom picture, I
9 guess, when we went to the meeting, the road
10 there in the front -- is that the road in front
11 of the French Lick Hotel?

12 MR. FERGUSON: Make sure I'm looking at
13 the same picture. That's Highway 56, and this
14 is Highway 145, at the stoplight between the
15 entrance -- where you enter the parking lot
16 there.

17 MR. VOWELS: This was the parking lot?

18 MR. FERGUSON: That was part of the
19 parking lot.

20 MR. VOWELS: Because I remember coming
21 across to that light there.

22 MR. FERGUSON: Yeah, that's where you
23 would come in. That's the roadway that is
24 elevated going up into the casino, that you're
25 looking at.



1 MR. FESKO: That specific roadway is kind
2 of important. Is there any discussion with the
3 state at this point in time to make the roadways
4 four lanes going north to south, to widen those
5 roads?

6 MR. FERGUSSON: The plan of the highways
7 are 37 south will be a super two. It's four
8 lane to Mitchell and then it will become a super
9 two. Highway 145 from the south is under
10 construction coming from 64, and it's more a
11 super two, not a four lane.

12 So, you will have north/south eventually.
13 That's -- 145 is closer than 56. We would like
14 for them to make the improvements. They have
15 been very responsive at the highway commission,
16 everybody there, in raising 56 in front of the
17 hotel, so that we have access in and out in case
18 of high water. But, long range, we think we
19 will have good access. But it's in the process,
20 so it won't be available immediately.

21 MR. FESKO: Okay.

22 MR. FERGUSSON: The other pictures are just
23 showing the ground level of the excavation,
24 looking from the north at the hotel. So, this
25 is the north wing. The connector to the event



1 center will -- you can see a limestone ledge
2 there, that is on -- that's really on the third
3 floor of that particular wing, and that's the
4 level of which the connector will enter the
5 event center, the parking garage, and over to
6 the casino. And then the other just shows you
7 excavation work to be done on site.

8 As you know, the Blue Sky joint venture
9 does not actually come together until we get
10 financing and bring that together. So, at this
11 point in time, all this work is CSC work on the
12 Cook side of it, while the joint meeting is
13 general contractor on the casino, event center
14 portion. CSC is the general contractor on the
15 two hotels, and the two golf courses. So,
16 that's the way we've divided the work.

17 They've been participating, obviously, in
18 all the design and focus. But when we bring all
19 the financing together is the time that French
20 Lick Springs Hotel, the golf courses and the
21 additional West Baden Springs will all be
22 brought into the Blue Sky organization. Does
23 anybody have any questions?

24 Thank you, I will turn it over to Vernon,
25 and let him bring you up to date.



1 MR. BACK: Good morning. Thank you
2 chairman, commission members. To bring you up
3 to date on our plans for casino management,
4 we've entered into an agreement with
5 Mickey Brown to oversee the development of the
6 casino through the start up of the operation.
7 His title is casino project manager. We're
8 currently interviewing general manager
9 candidates. We hope in the next week or two to
10 have a general manager candidate identified and
11 on board.

12 With respect to the other casino management
13 functions: CFO, director of HR, director of IT,
14 director of marketing, director of slots and
15 table games, we're currently putting together
16 job descriptions, and we will be advertising
17 those jobs in "Casino Careers", "Katrina jobs
18 dot org," which is a job site for Katrina casino
19 workers that might be interested in relocating,
20 and through other contacts in the gaming
21 industry, to identify potential candidates for
22 these positions. And we will be interviewing
23 for those positions and bringing people on board
24 very quickly for those positions.

25 With respect to Benchmark Hospitality we



1 have -- the hotel management agreement has been
2 agreed to and is awaiting signature. We will
3 submit a copy of that agreement to the gaming
4 commission. The Benchmark supplier license has
5 been submitted to the gaming commission, and
6 their PD-1's should be forthcoming soon. The
7 operating agent -- or operating agreement for
8 Blue Sky has been completed and submitted to the
9 gaming commission.

10 So, I think, when we go down our list, the
11 other one was an engagement letter for our
12 financing and we have signed and submitted to
13 the gaming commission staff our engagement
14 letter with Merrill Lynch for our financing,
15 which is \$250 million bond issue with a \$20
16 million revolver.

17 We are currently in the process of drafting
18 the offering memorandum there's a sale for tax
19 credit that's involved, and we will soon be
20 going to rating agencies for their presentation,
21 with anticipated funding the end of October,
22 first part of November.

23 Any questions?

24 MR. YELTON: I may have one thing.

25 Mr. Chairman and commission, we have also



1 requested that Mr. Back, and Mr. Fergusson and
2 now Mr. Brown to submit other PD-1's for
3 licensing purposes, and they're very cooperative
4 in providing us that information. They will
5 also be licensed as PD-1's.

6 MR. VOWELS: When the Blue Sky agreement is
7 done and submitted to the gaming commission, is
8 that essentially the contract?

9 MR. BACK: That is the joint venture
10 between Lauth and Cook. That was one of the
11 conditions that was laid out for us back in
12 June. The operating agent contractor has been
13 an ongoing, and I think we're fairly close to
14 getting that completed also.

15 MR. YELTON: Members of the commission, we
16 can advise you that general counsel has reviewed
17 our action in June, and has determined that the
18 only option -- or action that will be available
19 to the members of the commission today would be
20 to revoke your determination and award of
21 preferred applicant status to Blue Sky, and it
22 would be the recommendation of the staff and
23 myself that that not be done.

24 MR. VOWELS: What's your position on that?

25 MR. BACK: That it not be done.



1 MR. YELTON: I make a motion that that not
2 be done.

3 MR. ROBINSON: I will second.

4 MR. CALLOWAY: Thank you. It's been moved
5 and a second made, all in favor let me know by a
6 voice vote of aye.

7 (COMMISSION MEMBERS VOTED AYE).

8 MR. CALLOWAY: Any opposed?

9 (NONE)

10 MR. CALLOWAY: The ayes have it. Motion
11 carried. Mr. Yelton?

12 MR. YELTON: When Senate Enrolled Act 626
13 was first conceived it had a very singular,
14 narrow issue, and that was to provide the
15 commission with relief should the United States
16 Coast Guard decide to discontinue jurisdiction
17 over our riverboats. In the event that the
18 Coast Guard would no longer issue certificates
19 of inspection, 626 authorizes this commission to
20 determine an alternate methodology for doing so.

21 Well, it appears that we were somewhat
22 prophetic in that attempt. Both the eighth and
23 ninth district of the Coast Guard have formally
24 informed us that they will no longer -- they
25 will not in the future designate any newly



1 constructed boat as a permanently board vessel,
2 and therefore not provide any oversight in the
3 design, construction and operation of them.
4 They will, at least for the time being, continue
5 to grandfather the existing boats for inspection
6 and certification.

7 As you know, Argosy is currently in the
8 process of designing a rather massive new vessel
9 for Lawrenceburg, and the eighth district has
10 decided it will not oversee that operation, and,
11 as a consequence, we must act quickly to
12 determine who will monitor the structural and
13 safety standards for it.

14 We've discovered that ABS, which is the
15 American Bureau of Shipping, has and does
16 provide this service. In fact, there's been and
17 ongoing an mutually symbiotic relationship
18 between ABS and the Coast Guard for some time.
19 We've also recently learned, at G2E, that the
20 State of Iowa addressed this situation by having
21 a year study, and they have formulated their own
22 independent standard that will be overseen by
23 its Department of Natural Resources.

24 Now, we're in the process of examining all
25 of these, to determine which appropriate road



1 should be traveled, whether it be entering into
2 a relationship with ABS and the commission to
3 fulfill this responsibility, creating our own
4 independent standards after examining Iowa's
5 work product, or a combination of the two. We
6 have yet to finalize that determination.

7 However it appears, particularly in
8 Argosy's sense, that timing is of the essence,
9 and we're requesting action on Resolution
10 2005-45, which authorizes the executive director
11 to determine the appropriate marine structural
12 and safety standards, should that be necessary
13 before our next meeting. And in light of
14 Argosy's time schedule, it's most likely that
15 will occur.

16 As of today, I would advise you that your
17 executive staff is leaning very heavily towards
18 an arrangement with ABS. They have done so in
19 other states, such as Missouri, to perform this
20 service. We find its most experienced in the
21 field, and our present impression is that it
22 will serve our needs as well as the Coast Guard
23 has in the past. With that in mind, we're
24 asking your favorable consideration of
25 Resolution 2005-45.



1 MR. CALLOWAY: You've heard from
2 Commissioner Yelton regarding Resolution
3 2005-45. Are there any questions?

4 MR. YELTON: It is my understanding that
5 Boyd -- or Blue Chip's new boat had already
6 begun its process and the Coast Guard is
7 continuing with that. Is that correct, Judy?

8 JUDY: Yes.

9 MR. CALLOWAY: Resolution 2005-45,
10 resolution granting the executive director the
11 authority to determine the marine structural and
12 life safety standards for which riverboat
13 licensees would be required to comply. Do I
14 have a motion to that effect?

15 MS. ROSE: So moved.

16 MR. ROBINSON: Second.

17 MR. CALLOWAY: It's been moved and a second
18 made, we will follow up with a voice vote by the
19 sign of aye.

20 (COMMISSION MEMBERS VOTED AYE.)

21 MR. CALLOWAY: Those opposed?

22 (NONE)

23 MR. CALLOWAY: Ayes have it, motion
24 carried.

25 MR. YELTON: Thank you, Mr. Chairman.



1 Our gaming agent division has two sections.
2 The first is background and financial
3 investigations, and the second is enforcement.

4 Our investigators will do exactly that.
5 They will be performing investigations on
6 riverboat licensees, key persons, suppliers and
7 employees. The enforcement section will serve
8 as our on site regulators and law enforcement
9 officers. Clearly the two sections need
10 different training from the other, and we've
11 crafted two separate curricula, as Kevin told
12 you earlier, to address the individual
13 responsibilities for each section. Likewise,
14 each section will be exercising different police
15 powers.

16 The investigators will need access to
17 criminal records, and law enforcement records
18 and information, to determine the suitability of
19 the applicants they're investigating; while the
20 enforcement officers will need to possess nearly
21 all authority and ability to conduct criminal
22 investigations, as well as effectuate arrests on
23 the boats themselves.

24 Now, it's my personal opinion that 626
25 adequately and appropriately addresses this



1 distinction. However, there are some
2 individuals involved in other areas of law
3 enforcement, and some legislators, who are
4 concerned there may be some perceived ambiguity
5 in 626. So, in order to resolve any doubt
6 whatsoever, I'm presenting to members of the
7 committee resolution 2005-46, for your
8 consideration.

9 Indiana law does not empower a law
10 enforcement officer to arrest, search, or seize
11 a person or property, or carry a firearm unless
12 that person has completed the prebasic course
13 that's approved by the Indiana Law Enforcement
14 Academy. In the case of our gaming agents, they
15 must also have a training course established by
16 the IGC in conjunction with the ILEA training
17 board.

18 Our enforcement officers will be required
19 to do both, by virtue of their responsibilities.
20 However, our investigators, who will not have
21 those responsibilities, will not be attending
22 prebasic training. Although, in my opinion,
23 that failure automatically prevents the
24 investigator from possessing complete law
25 enforcement powers, to allay anyone's fears this



1 resolution, if adopted by the commission, would
2 specifically exempt investigators from the
3 prebasic course, and therefore greatly restrict
4 their exercise of police powers, to limit those
5 only necessary for them to fulfill their
6 responsibilities as investigators on behalf of
7 the commission. With that in mind, I would
8 request your favorable action on 46.

9 MR. CALLOWAY: You've heard the report on
10 Resolution 2005-46, are there any questions? If
11 not, the chair will entertain a motion to
12 approve the resolution.

13 MR. FESKO: I make a motion, Mr. Chairman,
14 that we adopt resolution 2005-46.

15 MR. ROBINSON: I will second.

16 MR. CALLOWAY: All those in favor let me
17 know by a voice vote of aye.

18 (COMMISSION MEMBERS VOTED AYE.)

19 MR. CALLOWAY: Any opposed?

20 (NONE)

21 MR. CALLOWAY: Motion carried.

22 Next is Occupational License Matters.

23 Susan Brodnan.

24 MS. BRODNAN: Good morning. The first
25 licensee matter is regarding John Green. In



1 September of 2005, John Green was issued a
2 temporary level three license to work as a
3 bartender at Harrah's Casino, which is now
4 Resort. He disclosed one arrest on his
5 application but failed to disclose three others,
6 one of which resulted in a one of which resulted
7 in a misdemeanor gambling conviction.

8 An individual applying for a license must
9 not have been convicted of any offenses
10 involving a violation of the gaming law in any
11 jurisdiction. Due to his conviction,
12 Commissioner Shepherd revoked his temporary
13 license and denied his application for a
14 permanent license. Mr. Green submitted a waiver
15 request, and I served as the review officer.

16 A hearing was held on the property of
17 Resort on September 7th. I have submitted
18 written findings of facts and a recommendation
19 that Mr. Green's request for a waiver be denied.
20 You will need to vote on two issues. First, to
21 grant or deny his application for a permanent
22 license. And, second, to adopt or reject the
23 recommendation of the review officer.

24 Commission staff recommends that you deny the
25 application and adopt the recommendation of the



1 review officer.

2 MR. CALLOWAY: Okay. Miss Brodnan, would
3 it be possible for us to just adopt these as a
4 group? Is that okay with the commission?

5 MS. BRODNAN: If that's what you would like
6 to do.

7 MR. CALLOWAY: Okay. You've heard the
8 report regarding John Green, can we get a motion
9 to accept the staff's recommendation?

10 MR. ROBINSON: I will move to accept the
11 staff's recommendation.

12 MR. CALLOWAY: That's fine. Is there a
13 second?

14 MR. VOWELS: I will second it.

15 MR. CALLOWAY: All those in favor let me
16 know by a voice vote of aye.

17 (COMMISSION MEMBERS VOTED AYE.)

18 MR. CALLOWAY: Any opposed?

19 (NONE).

20 MR. CALLOWAY: Ayes have it. Motion
21 carried.

22 MS. BRODNAN: In May of 2004,
23 Barbara Pardee was issued a temporary level two
24 license to work at the Majestic Star Casino.
25 She received her permanent license in April of



1 2004.

2 The commission may not issue a license to a
3 person who has been convicted of a felony. In
4 January of this year she disclosed that she had
5 been convicted of a C felony. The commission
6 staff, therefore, sent her a complaint for
7 disciplinary action, alleging that due to the
8 conviction she failed to maintain her
9 suitability, and recommended the revocation of
10 her license. The matter was forwarded to the
11 commission's administrative law judge for
12 action.

13 However, in August of 2005, court documents
14 were submitted stating that the conviction had
15 been reduced to a class A misdemeanor. As a
16 result, commission staff has determined that
17 this party is suitable to hold a license, and
18 has submitted a request to withdraw the
19 complaint. On August 26th Administrative Law
20 Judge White submitted the recommended order
21 granting the revocation of the complaint.
22 Commission staff recommends you adopt his
23 recommendation.

24 MR. CALLOWAY: You have heard the report on
25 Barbara Pardee, we will need a motion to accept



1 the recommendation.

2 MR. VOWELS: I move we accept the staff's
3 recommendations, and approve their request for
4 withdrawal of the complaint.

5 MR. ROBINSON: I will second.

6 MR. CALLOWAY: It has been moved and a
7 second made, all those in favor signify by a
8 voice vote of aye.

9 (COMMISSION MEMBERS VOTED AYE.)

10 MR. CALLOWAY: Any opposed?

11 (NONE).

12 MR. CALLOWAY: Motion carried.

13 MS. BRODNAN: The next matter pertains to
14 Raymond Burgawski. He received a temporary
15 level two occupational license in March of this
16 year as a security officer/EMT at
17 Horseshoe Casino. He disclosed several arrests
18 on his application. Commission staff sent him
19 three letters requesting court documentation
20 regarding these arrests, two of which were hand
21 delivered to him by commission agents on the
22 property; however Mr. Burgawski failed to
23 provide the requested information. As a result
24 his temporary occupational license was revoked,
25 and his application for a permanent license was



1 denied. The commission staff recommends you
2 vote to deny his application.

3 MR. CALLOWAY: You heard the recommendation
4 regarding Raymond Burgawski, what's your
5 pleasure?

6 MR. VOWELS: I will move to deny his
7 occupational license.

8 MR. ROBINSON: I will second.

9 MR. CALLOWAY: All in favor signify by a
10 voice vote of aye.

11 (COMMISSION MEMBERS VOTED AYE.)

12 MR. CALLOWAY: Any opposed?

13 (NONE)

14 MR. CALLOWAY: Motion carried.

15 MS. BRODNAN: The final matter pertains to
16 Tracy Thomas. Mr. Thomas previously held a
17 temporary occupational license to work at
18 Indiana riverboats. In all prior applications
19 he disclosed a 1988 conviction in Pennsylvania.
20 Court documentation shows that the conviction
21 was a misdemeanor under Pennsylvania law.
22 However, due to the sentence he received,
23 commission staff determined, in April 2004, that
24 the conviction would have been a felony under
25 Indiana law. As a result, his license was



1 revoked at that time.

2 On August 17, 2005, Mr. Thomas submitted a
3 new application to work at Grand Victoria as a
4 dealer. Based on the prior determination that
5 the conviction be considered a felony, his
6 application was denied. Mr. Thomas requested a
7 waiver of his disqualification.

8 I served as the review officer, and
9 conducted a hearing on September 19th at Grand
10 Victoria. I have issued written findings of
11 facts and a recommendation that his request for
12 a felony waiver be granted, with the condition
13 that his license remain a temporary status for a
14 period of one year. Commission staff recommends
15 you adopt my recommendation.

16 MR. CALLOWAY: You've heard the
17 recommendation. Is there a motion?

18 MR. ROBINSON: I have a question. At the
19 end of the year will this matter come before the
20 commission again?

21 MS. BRODNAN: Normally it would not, but we
22 can bring it back if you want us to do that.

23 MR. VOWELS: Well, you have the condition
24 that he not be arrested or convicted of any
25 offense. How old of a person is he?



1 MS. BRODNAN: He is 36.

2 MR. VOWELS: This happened in 1988?

3 MS. BRODNAN: Yes.

4 MR. VOWELS: He was 18 years old. No
5 problem since then?

6 MS. BRODNAN: He has had a couple, I
7 believe one of which resulted in a conviction.
8 However there have been a couple of arrests,
9 which is why we wanted to put the condition on
10 there of if he has a drug or alcohol related
11 arrest in the year period of time, that we would
12 seek revocation of his license at that time.

13 MR. VOWELS: The arrests that he previously
14 disclosed on his application, that was in
15 Pennsylvania, did he disclose those accurately?

16 MS. BRODNAN: Yes. It was a misdemeanor in
17 Pennsylvania. When he applied for a new boat we
18 had a different staff of people reviewing it,
19 and then it was determined, last year, that it
20 should have been viewed as a felony.

21 MR. NEWMAN: How can Pennsylvania law view
22 it as a misdemeanor, and Indiana law view it as
23 a felony?

24 MS. BRODNAN: It was classified, I believe
25 as a Class One misdemeanor in Pennsylvania,



1 which is a sentence of not less than one year
2 nor more than five years. And the definition of
3 a felony in Indiana defines a felony as a
4 conviction carrying a sentence of not less than
5 one year and not more than five.

6 MR. NEWMAN: So, he didn't make a
7 misstatement?

8 MS. BRODNAN: No, he did not.

9 MR. CALLOWAY: Any other questions? You've
10 heard the recommendation concerning the felony
11 waiver for Tracy Thomas, is there a motion to
12 accept the staff's recommendation?

13 MR. VOWELS: If I could ask a question.
14 Looking at his record here -- I mean, there's
15 obviously a pattern here. It starts out with a
16 big one, back in 1988, but Grand Victoria is --
17 have you had any contact with them? Do they
18 give him a favorable --

19 MS. BRODNAN: Yes. Part of the review
20 process requires that the licensee give a letter
21 indicating that they support the individual in
22 granting the waiver, and Grand Victoria has
23 submitted such a letter on behalf of Mr. Thomas.

24 MR. HEMMERLE: I'm Mark Hemmerle, I'm
25 assistant GM of Grand Victoria. I will be happy



1 to answer any questions you may have.

2 MR. VOWELS: Do you have any personal
3 knowledge about this individual?

4 MR. HEMMERLE: Yes, Mr. Thomas was a dealer
5 for us for a number of months, I think it was
6 nine months when it was determined that it was a
7 felony. As it relates to his skills as a
8 dealer, they were very good, he had a lot of
9 recommendations. There were some attendance
10 issues, we've gotten past those. We do
11 recognize the one-year caveat, and agree with
12 that.

13 MR. VOWELS: There's the 1997, 1999 and
14 2003, all those were dismissed. Interesting. I
15 mean, if you guys don't -- I mean, if he gets
16 drunk on your boat and goes out and kills
17 somebody, with that kind of record --

18 MR. HEMMERLE: He won't be getting drunk on
19 our boat, I believe I can guarantee that.

20 MR. VOWELS: I would like to be his lawyer
21 on that one. You understand the risk?

22 MS. ROSE: What's his job?

23 MR. HEMMERLE: He's a dealer.

24 MS. ROSE: Not a bartender?

25 MR. HEMMERLE: Correct. It's my



1 understanding he has had other licenses, in
2 another states, to serve alcohol; but his
3 responsibilities at Grand Victoria is as a
4 dealer, at this time. I mean, if other
5 positions are open and he applies, he will
6 certainly be considered.

7 MR. VOWELS: I will move to adopt the
8 recommendation of the review officer to grant
9 the request of the waiver.

10 MR. ROBINSON: Second.

11 MR. CALLOWAY: It's been moved and a second
12 made. All in favor signify with a voice vote of
13 aye.

14 (COMMISSION MEMBERS VOTED AYE.)

15 MR. CALLOWAY: Any opposed?

16 (NONE)

17 MR. CALLOWAY: Motion carried.

18 Suppliers license matters,

19 Michelle Marsden.

20 MS. MARSDEN: Good morning. Before you is
21 resolution 2005-47. This is concerning the
22 renewal of a suppliers licenses.

23 On October 1st of 2004, by resolution
24 2004-61 and 59, respectfully the commission
25 granted Global Surveillance Association,



1 Incorporated and Western Money Solutions a
2 suppliers license. Suppliers licenses must be
3 renewed annually and they must renew the
4 supplier license at least 30 days before the
5 license is due to expire.

6 The commission staff has received the
7 requested annual renewal forms, so before you is
8 resolution 2005-47. The commission will need to
9 grant or deny the renewal of the above supplier
10 licensees.

11 MR. CALLOWAY: You have the report on
12 resolution 2005-47 regarding the renewal of the
13 supplier licenses. Any questions. If not, the
14 chair will entertain a motion to grant or deny
15 the licenses.

16 MR. VOWELS: I will move to grant the
17 suppliers license.

18 MR. ROBINSON: I will second it.

19 MR. CALLOWAY: You've heard a motion and
20 second. All those in favor let me know by a
21 voice vote of aye.

22 (COMMISSION MEMBERS VOTED AYE.)

23 MR. CALLOWAY: Any opposed?

24 (NONE).

25 MR. CALLOWAY: Motion carried.



1 MS. MARDSEN: Resolution 2005-48 concerns
2 the renewal of the suppliers license of
3 Chipco International. On October 22nd, 1997,
4 under resolution 1997-35, the commission granted
5 Chipco International a temporary suppliers
6 license. On October 23rd of 2000, by resolution
7 2000-40, commission granted them a permanent
8 suppliers license.

9 The conditions of the suppliers license is
10 that they must be renewed annually, and request
11 the renewal at least 30 days prior. We have
12 received the request for renewal and the annual
13 renewal fee. Chipco has advised the commission
14 that the British Columbia public safety and
15 solicitor general has rescinded their
16 registration. The allegations are unclear at
17 this time, but do not appear to be anything that
18 would cause the commission staff to recommend a
19 revocation or a nonrenewal.

20 Resolution 2005-48 is for the conditional
21 renewal of Chipco International supplier's
22 license, upon the resolution of the issues
23 surrounding the British Columbia issue.

24 MR. CALLOWAY: You've heard the report on
25 resolution 2005-48 regarding the conditional



1 renewal of the supplier's license for
2 Chipco, International. Are there any questions?

3 MR. NEWMAN: What do these people do?

4 MS. MARSDEN: They provide gaming chips.

5 MR. NEWMAN: And British Columbia is
6 investigating them?

7 MS. MARSDEN: They hold a license in
8 British Columbia for chips, up there.

9 MR. NEWMAN: And it was revoked?

10 MS. MARSDEN: They were issued a letter to
11 rescind their immediate registration. We don't
12 know at this point what all the issues are, why
13 it was rescinded. So, that's why we want a
14 conditional renewal of their Indiana license.

15 MR. NEWMAN: One wonders what you have to
16 do to get revoked as a maker of chips. You
17 don't know?

18 MS. MARSDEN: I don't know the answer.

19 MR. NEWMAN: Have we sent an inquiry to
20 British Columbia?

21 MS. MARSDEN: Not at this point. But we
22 intend to investigate this. It does not seem to
23 be of a serious enough nature for us to consider
24 to revoke their Indiana license, but we do want
25 to check into it. As part of the annual renewal



1 they are required to inform us of any new or
2 different changes in their application, and they
3 mentioned this, so we're going to follow up with
4 it.

5 MR. VOWELS: Did they bring this to your
6 attention?

7 MS. MARSDEN: Yes.

8 MR. NEWMAN: Do they have to be
9 conditionally renewed? Can they be stayed
10 pending further information?

11 MR. SICUSO: I think if we stay it -- they
12 would not be able to do any business in Indiana,
13 without at least a conditional license. If
14 that's your pleasure we can do that, and they
15 would have to reapply for a license.

16 MR. NEWMAN: Can we renew it for a shorter
17 period of time than a year?

18 MS. MARSDEN: We could.

19 MR. SICUSO: What would you advise?

20 MR. NEWMAN: Ninety days?

21 MR. SICUSO: Okay.

22 MR. VOWELS: Are you asking for a
23 timeframe?

24 MR. SICUSO: Certainly. We have not worked
25 out -- we don't know how British Columbia will



1 cooperate with us on our investigation. I think
2 the year period was to cover any potential
3 delays in our discovering what was at the root
4 of the problem there. I would probably
5 prefer --

6 MR. NEWMAN: You have discovered enough to
7 know that you don't think it's serious, but not
8 enough to discover what it was about?

9 MR. SICUSO: We know that their license was
10 not revoked there; correct?

11 MS. MARSDEN: Correct.

12 MR. SICUSO: And if it's not revoked then
13 we assume that it's not serious enough for us to
14 revoke it. But it might be. So, that's why we
15 are further investigating it.

16 MR. VOWELS: What about a six month
17 timeframe?

18 MR. SICUSO: We could do that, if you're
19 comfortable with it.

20 MR. VOWELS: Or we could do something
21 until -- when is our next meeting?

22 MR. YELTON: It's scheduled for November
23 17th, at this time.

24 MR. VOWELS: Could we renew it until the
25 next commission meeting, and have a report on it



1 at that time? Can we do that?

2 MR. MARSDEN: We can try.

3 MR. SICUSO: You can revoke a license at
4 any time, but the question would be do we have
5 enough at this point. Our recommendation would
6 be no. It's a pretty severe punishment for
7 something we don't know the facts about yet.

8 MR. VOWELS: That's what I was thinking,
9 along the lines that if we renew the license for
10 a year and then it turns out to be something we
11 wished we wouldn't, and then we revoke it, and
12 Chipco says we will see you in court, and then
13 we've got a fight about whether -- I know it's a
14 privilege, but still there's the fact that if
15 it's renewed until the next meeting and then we
16 find out that no, we don't want to renew it;
17 then we simply don't. Then I don't think they
18 have any cause of action to move forward, at
19 that point.

20 And there's lots of dynamics. Do they
21 supply chips to most of the boats in Indiana?
22 Do you know?

23 MS. MARSDEN: Half.

24 MR. VOWELS: Half of them. So that would
25 be a big deal to the boats, too.



1 MS. MARSDEN: Yes. Because right now we
2 have got a -- there's a tournament going on at
3 Caesars.

4 MR. YELTON: So, six months would give us a
5 chance to get information and not impede their
6 ability to provide chips.

7 MR. VOWELS: I think that's probably more
8 logical than what I suggested, for the next
9 meeting.

10 MR. YELTON: And also, a revocation of an
11 Indiana supplier's license would have
12 ramifications in any other jurisdiction where
13 they would be licensed.

14 MR. NEWMAN: I wasn't suggesting
15 revocation, I was just wondering if there was
16 anything that if we decided they qualified for a
17 renewal and then after that we would reveal that
18 they were wanted for organized crime, or
19 whatever gets revealed by British Columbia --
20 I'm fine with six months. I just wanted to keep
21 a sense of urgency about getting the
22 information.

23 MS. MARSDEN: We will redraft this
24 resolution and we will have it for signatures.

25 MR. VOWELS: When we have a regular casino



1 license extension, something that's going to be
2 up by the time we meet again, do we just call it
3 an extension?

4 MR. YELTON: Yes.

5 MR. VOWELS: I just suggest that we do a
6 six-month extension on Chipco International's
7 supplier's license.

8 MR. SICUSO: I think that would be the best
9 way to couch is. If it were not couched that
10 way, it could have the same effect on the
11 jurisdiction.

12 MR. VOWELS: Then I move for an extension
13 of the supplier's license held by
14 Chipco International, for a six-month period.

15 MR. ROBINSON: I will second.

16 MR. CALLOWAY: It's been moved and a second
17 made that Chipco International be granted a
18 six-month extension on their supplier's license.
19 Any questions? All those in favor let me know
20 by a voice vote of aye.

21 (COMMISSION MEMBERS VOTED AYE.)

22 MR. CALLOWAY: Any opposed?

23 (NONE)

24 MR. CALLOWAY: Motion carried.

25 MS. MARSDEN: Our next one is resolution



1 2005-49 considering the renewal of the supplier
2 license of Vending Data Corporation. On
3 September 27, 2002, by resolution 2002-26, the
4 commission granted Vending Data Corporation a
5 supplier's license. The commission required
6 that they must review annually and pay a renewal
7 fee.

8 The commission received the renewal fee and
9 the last renewal on September 25th, 2005.
10 Vending Data Corporation advised the commission
11 that the Louisiana gaming control board sent a
12 notice of revocation on May 12th, 2005, for
13 failure of a former executive board to disclose
14 information on their application. A hearing
15 date was scheduled for September 13th, 2005.

16 The allegations are of a serious nature,
17 and commission staff will ask additional
18 documentation from Vending Data, to determine if
19 Indiana regulations have also been violated or
20 if further action is required.

21 MR. CALLOWAY: So, what do they do?

22 MS. MARSDEN: Vending Data provides shuffle
23 machines and equipment.

24 MR. VOWELS: This has to do with Louisiana
25 gaming control board?



1 MS. MARSDEN: Yes, it does.

2 MR. VOWELS: With what's going on down
3 there is it hard to get information?

4 MS. MARSDEN: They had a hearing on
5 September 13th, and we were not advised of what
6 happened at the meeting because of the
7 catastrophe going through there.

8 MR. VOWELS: Would you feel comfortable if
9 we did the same thing here that we did on the
10 last one, granting a six-month extension?

11 MS. MARSDEN: If that would please the
12 commission.

13 MR. VOWELS: It's the former executive
14 board, so they're not around anymore?

15 MS. MARSDEN: But it's serious, that's why
16 we want to take a look at what the issues are.

17 MR. VOWELS: I will move that we extend the
18 supplier's license held by Vending Data
19 Corporation for a six-month period.

20 MR. ROBINSON: I will second.

21 MR. CALLOWAY: It's been moved and a second
22 made, all those in favor let me know by a voice
23 vote of aye.

24 (COMMISSION MEMBERS VOTED AYE.)

25 MR. CALLOWAY: Any opposed?



1 (NONE)

2 MR. CALLOWAY: Motion carried.

3 MS. MARSDEN: Resolution 2005-50 is with
4 regard to the supplier's licenses for Glory USA,
5 Inc., and Gaming Partner International SAS.

6 The commission granted temporary supplier's
7 licenses to the above suppliers, pursuant to
8 resolutions 2004-15 and resolution 2005-19 to
9 provide goods and services to Indiana
10 riverboats. Investigation has been completed
11 and both companies have been found suitable to
12 receive permanent supplier's licenses.
13 Commission will need to grant or deny a
14 permanent supplier's license to these above
15 companies.

16 MR. CALLOWAY: Resolution 2005-50 is
17 regarding granting permanent supplier's licenses
18 to Glory USA and Gaming Partners International
19 SAS. Are there any questions? If not the chair
20 will entertain a motion to approve resolution
21 2005-50.

22 MR. VOWELS: So moved.

23 MR. FESKO: I will second it.

24 MR. CALLOWAY: It's been moved and a second
25 made. All in favor let me know by a voice vote



1 of aye.

2 (COMMISSION MEMBERS VOTED AYE.)

3 MR. CALLOWAY: Any opposed?

4 (NONE)

5 MR. CALLOWAY: Motion carried.

6 MS. MARSDEN: Resolution 2005-51 concerns a
7 request from Certegy Transaction Services, Inc.,
8 to acquire the supplier's license of Game Cash,
9 Inc. Game Cash, Inc., received a temporary
10 supplier's license in December of 1996, and a
11 permanent supplier's license in February of
12 1999. The supplier's license has been renewed
13 annually and most recently renewed in February
14 of 2005.

15 In August 2004, Game Cash notified the
16 commission that in March of 2004,
17 Certegy Transaction Service, Inc., purchased all
18 outstanding shares of Game Cash. All transfer
19 of ownership and the transfer of the supplier's
20 license must comply with the requirements of 68
21 IAC 85.

22 Commission staff notified Certegy, in
23 September of 2004, that Certegy would be
24 required to submit an ownership application and
25 PD-1 for all the key persons and substantial



1 owners. The commission received the requested
2 documents on October 4th of 2004. Background
3 has been completed on Certegy, and no derogatory
4 information has been found. However, the
5 commission staff does intend to investigate
6 Certegy's failure to notify us in a timely
7 manner for the transfer, and will consider
8 possible disciplinary actions later.

9 So, the commission will need to grant or
10 deny the transfer of ownership of Game Cash,
11 Inc., to Certegy Transaction Service, Inc.
12 Approval will be conditional upon further
13 investigation of Certegy's failure to timely
14 notify the commission. The commission could
15 determine that disciplinary action is warranted,
16 up to and including revocation of the license.

17 MR. CALLOWAY: You've heard resolution
18 2005-51, are there any questions?

19 MS. ROSE: Why are we dealing with an issue
20 that happened in October of 2004? I'm confused
21 about the date on here. We renewed the license
22 in February of '05; right?

23 MS. MARSDEN: Right, of Game Cash.

24 MS. SICUSO: Because they didn't inform us;
25 right, Michelle? When did they inform us?



1 MS. MARSDEN: They informed us in August of
2 '04.

3 MR. SICUSO: When did they renew?

4 MS. MARSDEN: Game Camp renewed in February
5 of '05.

6 MS. ROSE: And at the time Game Cash
7 renewed, they were already owned by Certegy; is
8 that right?

9 MS. MARSDEN: I believe the transaction was
10 completed. I believe the -- they did -- they
11 notified us that it was purchased, and then we
12 notified them that they needed to submit an
13 application, which came in -- the application
14 came in, in October.

15 The previous executive director indicated
16 that we would allow them to continue doing
17 business pending a background investigation.
18 So, we renewed it under Game Cash, in February.
19 The investigation has been completed, since that
20 time, so we're now renewing the transfer.

21 MR. CALLOWAY: Any questions? The chair
22 will now entertain a motion to approve or deny
23 the transfer of ownership.

24 MR. VOWELS: I will move to grant the
25 request for approval.



1 MR. FESKO: I will second it.

2 MR. CALLOWAY: It's been moved and a second
3 made. All those in favor denote by a voice vote
4 of aye.

5 (COMMISSION MEMBERS VOTED AYE.)

6 MR. CALLOWAY: Any opposed?

7 (NONE)

8 MR. CALLOWAY: Motion carried.

9 MS. ROSE: May I make a suggestion? It
10 would be really helpful if you could tell us
11 what the suppliers do. And can you put on there
12 if they qualify as a certified supplier? That
13 would be helpful too.

14 MR. CALLOWAY: Next is owner matters.

15 MR. SICUSO: Thank you, Mr. Chair. The
16 first resolution that is up is 2005-52. If
17 approved, this resolution would ratify the
18 executive director's waiver of the two meeting
19 rule and approval of Pinnacle Entertainment,
20 Inc's proposal to amend or replace it's existing
21 current facility.

22 Under the terms of the proposal the
23 facility would increase from \$400 million to
24 \$850 million. Pinnacle expects the changes will
25 improve its access to credit so that it can



1 further finance its improvements on existing
2 properties including the Indiana property, and
3 to build a St. Louis, Missouri development as
4 other projects.

5 The resolution makes final documentation of
6 the credit transaction, subject to staff review,
7 to ensure material performance. With the terms
8 that Pinnacle has presented for approval,
9 commission and staff recommends your approval of
10 2005-52.

11 MR. CALLOWAY: You heard comments on a
12 resolution 2005-52, a resolution concerning
13 commission ratification of the executive
14 director's waiver of 68 IAC 5-3-2 and approval
15 of Pinnacle Entertainment, Inc's proposal to
16 amend their existing facility, pursuant to
17 resolution 2005-24. Do we have a motion to
18 accept the staff's recommendation?

19 MR. VOWELS: I will move to approve.

20 MR. FESKO: I will second it.

21 MR. CALLOWAY: It's been moved and a second
22 made. All those in favor let me know by a voice
23 vote of aye.

24 (COMMISSION MEMBERS VOTED AYE)

25 MR. CALLOWAY: Any opposed?



1 (NONE)

2 MR. CALLOWAY: Motion carried.

3 MR. SICUSO: Next resolution is 2005-53,
4 which if approved would ratify the executive
5 director's waiver of the two meeting rule, and
6 approval of Blue Sky Casino LLC's proposed
7 financing package for the French Lick Casino
8 project.

9 The proposed package anticipates a
10 revolving credit facility of up to \$20 million,
11 in addition to \$250 million worth of a private
12 offering of senior secured notes, which is
13 underwritten by Merrill Lynch. This resolution
14 also makes final documentation subject to staff
15 review, to ensure material conformance with the
16 terms as presented to the commission for its
17 approval. Commission staff recommends that you
18 approve 2005-53.

19 MR. CALLOWAY: You've heard the
20 recommendations of staff regarding resolution
21 2005-53, is there a motion to approve staff
22 recommendation?

23 MR. ROBINSON: I will move to approve.

24 MR. VOWELS: I will second.

25 MR. CALLOWAY: It's been moved and a second



1 made. All those in favor let me know by a voice
2 vote of aye.

3 (COMMISSION MEMBERS VOTE AYE)

4 MR. CALLOWAY: Any opposed?

5 (NONE)

6 MR. CALLOWAY: Motion carried.

7 MR. SICUSO: Resolution 2005-54 concerns a
8 request of riverboat licensee Horseshoe,
9 Hammond, Inc., to initiate a corporate entity
10 change which would convert the licensee from a
11 corporation to a limited liability company,
12 which would be named Horseshoe Hammond, LLC.
13 Horseshoe has assured commission staff that no
14 new substantial owners or key persons are being
15 introduced as part of this entity change.

16 Upon approval this resolution would do
17 three things. First, it would grant Horseshoe's
18 request to initiate the entity change to become
19 an LLC. Second, Horseshoe -- this resolution
20 would require Horseshoe to submit a portion of
21 the transfer of ownership application, along
22 with a \$25,000 nonrefundable application fee.
23 And, third, it would grant Horseshoe's request
24 for a waiver of Value Chip regulations, and
25 permit the company to continue using its



1 existing chips for an indefinite period of time.
2 Commission staff would recommend that you
3 approve this resolution in whole.

4 Jack Thar and Phil Parenti for Horseshoe
5 will speak to this.

6 MR THAR: Phil Parenti, chief compliance
7 and regulatory officer for Harrah's, is here to
8 answer any questions the commission may have
9 with regards to the resolution pending before
10 you.

11 MR. PARENTI: I have a brief statement.
12 Judge Yelton, I think I ran into you and your
13 staff in Las Vegas.

14 We want to reiterate, on behalf of the
15 company and on behalf of our chairman
16 Gary Loveman and our regional president
17 Anthony Sanfilippo, that we really appreciate
18 the emergency efforts to relax the licensing
19 standards to employ some of our displaced
20 employees, even if it's 55 of our employees.

21 Just briefly. We have 8,000 employees down
22 in the Gulf Coast, in New Orleans, out of our
23 100,000 employees worldwide. I have been down
24 there personally, with Chuck Atwood, our CFO,
25 and others. And we drove from Biloxi -- down



1 Highway 90, from Gulfport to Biloxi, and it is
2 an eye opener.

3 We have one -- the Grand Casino, that we
4 bought from Caesars during the merger, and I
5 looked on the water side of Highway 90, and we
6 couldn't find it. We found that a 40-foot wave
7 flung the boat all the way across the highway,
8 crashing it into a hotel. Those places are
9 total losses, and it's going to be a massive
10 rebuilding effort.

11 I also want to say, looking at matters
12 firsthand, that translates into these 55
13 employees. We have a training center down in --
14 we call it the training center, from Caesars
15 side of the Gulf Coast, and we literally have
16 employees living with cots out of offices. And
17 you have an attorney or a slot manager one day,
18 with a house and kids and cars, and the next day
19 he's in a Red Cross line and they have nothing
20 left. And we appreciate your efforts on that.

21 As far as if you have any questions on this
22 conversion, now that we're the largest gaming
23 company in the world it just makes sense, tax
24 wise, that we have our taxes consolidated on our
25 HOC, Harrah's Operating Company, rather than



1 individual entities like Hammond.

2 I have signed a \$25,000 check, that
3 Jack Thar will be delivering to you for our
4 application fee. We appreciate your time.

5 MR. VOWELS: How many properties did you
6 have down in the Gulf?

7 MR. PARENTI: We had the Grand -- we had
8 the two Grands. The one in Biloxi and Gulfport.
9 And of course we had the land-based casino in
10 New Orleans. And although that wasn't as
11 damaged -- anywhere nearly as damaged as the
12 Gulf Coast, we're not going to have customers
13 for some time. So, it's --

14 MR. VOWELS: So, you employed 8,000 people
15 between those casinos?

16 MR. PARENTI: Between the three.

17 MR. VOWELS: And how many more casinos did
18 you have on the Gulf Coast? Is that it?

19 MR. PARENTI: That's it. And the hotels
20 are -- the Oasis Hotel at Gulfport needs some
21 substantial work. We think we can revitalize
22 that. But the hotel in Biloxi is pretty much --
23 it's all but destroyed there.

24 MR. VOWELS: You were able to place 55
25 employees here in Indiana?



1 MR. PARENTI: I believe so.

2 MR. VOWELS: Were you able to place
3 employees in other casinos?

4 MR. PARENTI: Yes. We are moving them all,
5 management and otherwise.

6 MR. YELTON: Phil, you may want to confirm
7 that when we did meet with you at Vegas it was
8 at the conference.

9 MR. PARENTI: It was at the conference.

10 MR. ROBINSON: I was in Biloxi this summer,
11 and I saw your properties, and now I see it on
12 TV and it is just astounding.

13 MR. PARENTI: When you see it in person
14 it's just so much more devastating. And I don't
15 know if you saw those multi -- there were some
16 million dollar homes, landmark homes, they're
17 all gone.

18 MR. ROBINSON: Just on the opposite side of
19 the water?

20 MR. PARENTI: Yes. Thank you for your
21 time.

22 MR. CALLOWAY: And that was regarding
23 resolution 2005-55. The chair will entertain a
24 motion to approve staff's recommendation.

25 MR. SICUSO: This would be 2005-54.



1 MR. FESKO: I move that we approve
2 resolution 2005-54.

3 MR. ROBINSON: I will second it.

4 MR. CALLOWAY: There's been a motion and a
5 second. Any questions? All in favor let me
6 know by a voice vote of aye.

7 (COMMISSION MEMBERS VOTED AYE)

8 MR. CALLOWAY: Those opposed?

9 (NONE)

10 MR. CALLOWAY: Motion carried.

11 MR. YELTON: I need to announce that last
12 week, when we received word from the governor's
13 office that Mr. Newman would be a member of the
14 commission, he already had flight arrangements
15 for a trade show, to leave yesterday. He was
16 very gracious, and at a rather significant
17 financial cost, to reschedule for today. But he
18 does have to go now to meet that plane. But we
19 very much appreciate his willingness to change
20 his schedule, so that he could at least be with
21 us through most of the meeting.

22 (SCOTT NEWMAN LEFT THE MEETING AT THIS
23 TIME.)

24 MR. SICUSO: Next is resolution 2005-55.
25 This resolution concerns commission recognition



1 of approval for the corporate roll-up which
2 would form an entity called Resort International
3 Entertainment, LLC, as the new gaming platform
4 and ultimate parent company of all resorts,
5 colony, capital and gaming properties, which
6 would include RH Acquisitions in Indiana, which
7 currently holds the license in East Chicago. If
8 approved, the proposed roll-up will unite six
9 gaming properties located in Nevada, Indiana,
10 Mississippi and New Jersey.

11 The principals of each of the voting
12 membership units of the ultimate parent,
13 Nicholas Rivas and Thomas Barrack (SIC) have
14 recently undergone full background
15 investigations and were found suitable by the
16 IGC, within the last six months. Resorts has
17 represented to the commission that no new key
18 persons or substantial owners will be introduced
19 as a result of the corporate roll-up. To date,
20 no new debt -- none of the debt carried by any
21 of the properties is being rolled up; so, there
22 is no debt transaction to be considered by the
23 commission.

24 Commission staff recommends that you
25 approve resolution 2005-55. These gentlemen can



1 speak to anything else.

2 MR. CALLOWAY: Mr. Thar, will you introduce
3 everybody?

4 MR. THAR: Yes, I will. Starting at my
5 right is senior vice president and general
6 counsel Mr. Nicholas Amaoto; senior vice
7 president and chief financial officer
8 Eric Matejevich; and chief vice president and
9 chief operating officer Roger Wagner, who is no
10 stranger to this commission from his experiences
11 with Trump and Horseshoe, prior to coming with
12 Resorts. And of all the people that could
13 address this the best I would defer to
14 Mr. Matejevich for any questions that you may
15 have. But the way Mr. Sicuso has explained it,
16 is precisely the way it is.

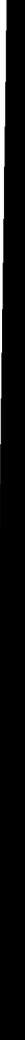
17 MR. CALLOWAY: Does the commission have any
18 questions of these gentlemen? It's good to see
19 you.

20 You've heard the report from the staff on
21 resolution 2005-55, I need a motion to approve
22 their recommendation.

23 MS. ROSE: I move to approve.

24 MR. ROBINSON: I will second.

25 MR. CALLOWAY: Any questions? All those in



1 favor let me know by a voice vote of aye.

2 (COMMISSION MEMBERS VOTED AYE)

3 MR. CALLOWAY: Any opposed?

4 (NONE)

5 MR. CALLOWAY: Ayes have it, motion is
6 carried.

7 Next is Angela Bunton with Voluntary
8 Exclusion Program.

9 MS. BUNTON: You have before you for
10 approval four orders regarding the Voluntary
11 Exclusion Program, in jackpot slang, for
12 Jane Doe number four, John Doe number six,
13 John Doe number seven and John Doe number eight.

14 Pursuant to 68 IAC 6-3-2(g) the essence of
15 the program agrees that if he or she violates
16 the terms of the program, while in the gaming
17 area of the facility under the jurisdiction of
18 the commission, they will forfeit any jackpot
19 they have won as a result of the wager.

20 Jane Doe number four won a jackpot at
21 Casino Aztar in the amount of \$4,000. Aztar
22 withheld the jackpot, as required by commission
23 regulation. John Doe number six won a jackpot
24 at Caesars Indiana in the amount of \$1,600.
25 Caesars withheld the jackpot, as required by



1 commission regulations. John Doe number seven
2 won a jackpot at Trump Casino in the amount of
3 \$1,500. Trump withheld the jackpot, as required
4 by commission regulations. John Doe number
5 eight won a jackpot at Belterra Casino in the
6 amount of \$1,235. Belterra withheld the
7 jackpot, as required by the commission
8 regulations.

9 Commission staff recommends that you
10 approve the remittance of these jackpots as
11 fines levied against Jane Doe number four,
12 John Doe number six, John Doe number seven and
13 John Doe number eight.

14 MR. CALLOWAY: You have heard
15 recommendations of the staff regarding
16 Jane Doe four and John Doe six, seven and eight,
17 for the remittance of their jackpots, as fines.
18 I need a motion to approve.

19 MR. VOWELS: I will move to approve.

20 MR. ROBINSON: I will second it.

21 MR. CALLOWAY: It has been moved and a
22 second made. Are there any questions. All in
23 favor let me know by a voice vote of aye.

24 (COMMISSION MEMBERS VOTED AYE)

25 MR. CALLOWAY: Any opposed?



1 (NONE)

2 MR. CALLOWAY: Motion carried.

3 We are going to take about a five minute
4 break.

5 (A brief recess was taken.)

6 MR. CALLOWAY: Next on the agenda is
7 Disciplinary Actions. Andrew Klinger.

8 MR. KLINGER: Thank you, Mr. Chairman and
9 commissioners. We have five disciplinary
10 actions before you today, involving four boats.
11 I understand that you have received copies of
12 summaries of the complaints, as well as copies
13 of settlement agreements, so I will keep my
14 comments brief.

15 The first one before you today involves
16 Blue Chip. It's numbered 05BC-03. Commission
17 staff and Blue Chip entered into a settlement
18 agreement regarding a violation in May of this
19 year, involving an underage patron boarding the
20 riverboat without being asked for ID. Her age
21 was later discovered when she attempted to
22 obtain a players card, on the boat. She was
23 escorted off of the boat.

24 Commission staff recommends, and Blue Chip
25 will agree to pay, a fine in the amount of



1 \$3,000. This is Blue Chip's second offense with
2 this violation, in the past six months. The
3 settlement agreement has been executed and the
4 staff recommends that you approve the terms of
5 the agreement.

6 MR. CALLOWAY: You heard the recommendation
7 of the staff regarding complaint number 05BC-03,
8 with regard to Blue Chip. Is there any
9 questions? If not, the chair would entertain a
10 motion to accept staff recommendation.

11 MR. VOWELS: I will move to approve.

12 MR. ROBINSON: I will second.

13 MR. CALLOWAY: It's been moved and a second
14 made. All those in favor let me know by a voice
15 vote of aye.

16 (COMMISSION MEMBERS VOTED AYE)

17 MR. CALLOWAY: Any opposed?

18 (NONE)

19 MR. CALLOWAY: Motion carried

20 MR. KLINGER: Thank you. The next two
21 cases involve Belterra. The first one I will
22 address is 05BT-03. Commission staff and
23 Belterra have entered into a settlement
24 agreement regarding three incidents where
25 sensitive key procedures were violated. A



1 riverboat licensee must maintain a log of
2 sensitive keys, which tracks the usage of those
3 sensitive keys by casino personnel.

4 In May of this year, internal security and
5 commission agents documented three violations of
6 this rule. The first was a sensitive key was
7 not entered into the log, even though that key
8 accessed a cabinet that held cash, chips and
9 tokens. Second, a sensitive key was misplaced.
10 And, third, investigation into the missing key
11 was not conducted.

12 The commission staff recommends, and
13 Belterra will agree to pay, a fine in the amount
14 of \$5,000. Belterra earlier had paid a \$2,500
15 fine for similar violations. The settlement
16 agreement has been executed and the commission
17 staff recommends that you approve the terms of
18 the agreement.

19 MR. CALLOWAY: You have heard the report on
20 complaint number 05BT-03. Can we get a motion
21 to approve the fines?

22 MR. FESCO: I will move to accept staff's
23 recommendation on 05BT-03.

24 MS. ROSE: I will second it.

25 MR. CALLOWAY: All those in favor let me



1 know by a voice vote of aye.

2 (COMMISSION MEMBERS VOTED AYE)

3 MR. CALLOWAY: Any opposed?

4 (NONE)

5 MR. CALLOWAY: Motion carried.

6 MR. KLINGER: Thank you. The second
7 complaint involving Belterra is 05BT-04.
8 Commission staff and Belterra have entered into
9 a settlement agreement regarding two separate
10 violations.

11 The first involves an underage patron who
12 was allowed to board the boat, in March of this
13 year. The second involves a patron who's
14 registered with the voluntary exclusion program,
15 but was able to receive three separate credit
16 card cash advances from Belterra's global cash
17 back access system, in May and April of this
18 year. At the time Belterra did not have the
19 necessary internal control procedures in place
20 to ensure that a voluntary excluded person would
21 not receive check cashing privileges or
22 extensions of credit. My understanding is that
23 they have since imposed the proper internal
24 controls.

25 Commission staff recommends, and Belterra



1 will agree to pay, fines in the amount of
2 \$16,500 for both these violations; 15,000 for
3 the exclusion program violations and 1500 for
4 the underage patron. A settlement agreement has
5 been executed, and the commission staff
6 recommends that you approve the terms of the
7 agreement

8 MR. CALLOWAY: You have heard the
9 recommendations of staff regarding complaint
10 number 05BT-04, do I hear a motion?

11 MR. VOWELS: I have a quick question. I
12 know there's a graduated fines schedule for this
13 underage patron. Is there the same sort of
14 thing -- I don't know that I remember if they've
15 received violations before, and \$15,000 is a
16 nice figure. Do you know if that climbs up, if
17 that happens again in a certain period of time?

18 MR. KLINGER: I cannot answer that question
19 directly. I can tell you that that \$15,000 --
20 there were three separate incidents where this
21 individual got cash advances. So, the fine was
22 structured that it was \$5,000 for each incident,
23 for the total of \$15,000. I personally can't
24 answer whether it was a graduated system.

25 UNIDENTIFIED SPEAKER: Unless something has



1 occurred in my absence, there isn't. We haven't
2 considered a situation where a riverboat commits
3 a repeat incident of the voluntary exclusion
4 program violation; so, we really haven't
5 addressed that. But I believe the other ones
6 considered have been around \$5,000 per incident.

7 MR. VOWELS: Okay. Is there some thought?
8 Because this is all fairly new. I would imagine
9 this is really the first time we ever had that
10 addressed. Is there some thought about doing a
11 graduated fine, like we do with underage
12 patrons?

13 UNIDENTIFIED SPEAKER: We can certainly --
14 we haven't really actually talked about it, or
15 addressed it. But we can do that, especially if
16 the commission staff would like us to consider
17 that.

18 MR. VOWELS: I just think the underage is
19 bad enough, but doing like what they did three
20 times, when somebody is on the exclusion list,
21 then it should be a no brainer there. I mean,
22 the person is either on the list or aren't on
23 the list. And if a person is 18 and looks 30,
24 then you can cut somebody a little bit of slack,
25 as far as how they messed up there. But why



1 don't you guys give that some consideration?

2 UNIDENTIFIED PERSON: We have, and I do
3 think that, in my opinion, a \$5,000 fine per
4 incident is a fairly significant fine. We have
5 had several others that have added up, and they
6 have added up to fairly significant fines. So,
7 we have taken violations of the voluntary
8 exclusion program rather seriously

9 MR. VOWELS: I understand. It's just I
10 think this is the first time this has come
11 around, and this may be something that pops up
12 again.

13 MS. ROSE: Mr. Chairman, I have a question.
14 Is someone from Belterra here?

15 MR. BUCK: Larry Buck.

16 MS. ROSE: Hi. Have you guys gone back
17 to -- you say that you have looked at your
18 internal controls to see that this won't happen
19 again. Has that happened?

20 MR. BUCK: Yes. Actually, for
21 clarification, when we discovered the first one
22 on the same person we went retroactively
23 backwards, just looking through records, and we
24 found that the other two previously did occur.
25 I think it's probably a good idea to have a



1 progressing system in place, that will go
2 retroactively.

3 MS. ROSE: So, you were looking at your
4 voluntary exclusion list, and you had gone back
5 and cross checked it against potential cash
6 advances?

7 MR. BUCK: We did have internal controls
8 written, in place, some of the staff hadn't been
9 appropriately trained. We have issued
10 disciplinary actions at the proper level, and
11 did retraining for everybody.

12 We have the computer in place for all
13 similar transactions, similar manual
14 transactions, like the jackpot. I think earlier
15 in the meeting you were talking about the limit
16 of the jackpot, and we did check our records.
17 It was just that one transaction that we did not
18 have in place.

19 MS. ROSE: And you've got them now, and you
20 know how to apply them and enforce them?

21 MR. BUCK: Yes.

22 MR. KLINGER: This individual was
23 identified because he did hit a jackpot, and
24 they caught that, and that started this whole
25 investigation?



1 MS. ROSE: I guess the point is that if the
2 person hadn't hit a jackpot, then people who
3 might have been on the voluntary exclusion list
4 may have been getting cash from the facility and
5 gambling for a period of time when, you know,
6 you didn't have that control in place. And I
7 just want to make sure that you closed that
8 loop.

9 MR. BUCK: Yes

10 MR. YELTON: And, also, I will report to
11 the commission that there is another issue that
12 we're researching at this point in time. When
13 the VE program went into effect, my predecessor
14 had determined that we would not provide Social
15 Security numbers. The riverboats have requested
16 us to reexamine that, because it's a very
17 valuable piece of information in determining
18 identities of people who should not be on the
19 boat. But we do not have a resolution of that
20 at this time, but we are researching that to
21 give more tools to help enforce the exclusion.

22 MR. VOWELS: I will make a motion to
23 approve the terms of the settlement agreement.

24 MR. YELTON: I will second it.

25 MR. CALLOWAY: It's been moved and a second



1 made. All in favor let me know by a voice vote
2 of aye.

3 (COMMISSION MEMBERS VOTED AYE)

4 MR. CALLOWAY: Any opposed?

5 (NONE)

6 MR. CALLOWAY: Motion carried.

7 MR. KLINGER: The next item involves
8 Caesars. It's 05CS-05. Commission staff and
9 Caesars have entered into a settlement agreement
10 regarding an underage patron boarding the
11 riverboat, on June 12th of this year. The
12 patron was allowed to board without being asked
13 for identification.

14 Commission recommends, and Caesars will
15 agree to pay, a fine in the amount of \$3,000. A
16 settlement agreement has been executed, and
17 commission staff recommends that you approve the
18 terms of the agreement.

19 MR. CALLOWAY: You've heard the report
20 regarding complaint number 05CS-05. Are there
21 any questions? If not, the chair will entertain
22 a motion to approve the recommendation.

23 MR. VOWELS: I move to approve

24 MR. ROBINSON: I will second.

25 MR. CALLOWAY: It's been moved and a second



1 made. All those in favor let me know by a voice
2 vote of aye.

3 (COMMISSION MEMBERS VOTED AYE)

4 MR. CALLOWAY: Any opposed?

5 (NONE)

6 MR. CALLOWAY: Motion carried.

7 MR. KLINGER: Thank you. The final action
8 involves Trump. It's 05TR-02. Commission staff
9 and Trump have entered into a settlement
10 agreement regarding violations of surveillance
11 requirements.

12 Trump received a conditional approval, from
13 audit staff, to make esthetic changes to a deck
14 cage. The approval was conditioned upon the
15 inspection and approval of surveillance coverage
16 by the commission agents on the boat. On July
17 1st, Trump opened the cage without the approval
18 of the commission agents. On July 2nd, the
19 commission agent noticed that it was open, shut
20 down the cage and checked out the surveillance.
21 They determined that one of the cameras was not
22 in the proper location. The surveillance
23 coverage was corrected and the cage reopened.

24 Commission staff recommends, and Trump will
25 agree to pay, a fine in the amount of \$5,000. A



1 settlement agreement has been executed, and
2 commission staff recommends that you approve the
3 terms of the agreement.

4 MR. CALLOWAY: You've heard the report
5 regarding 05TR-02. Are there any questions? If
6 not, the chair will entertain a motion to
7 approve the recommendation.

8 MR. VOWELS: I will move to approve.

9 MR. ROBINSON: I will second.

10 MR. CALLOWAY: It's been moved and a second
11 made. All those in favor let me know by a voice
12 vote of aye.

13 (COMMISSION MEMBERS VOTED AYE)

14 MR. CALLOWAY: Any opposed?

15 (NONE)

16 MR. CALLOWAY: Ayes have it. Motion
17 carried.

18 Okay. License renewal, Leanne Bailey.

19 MS. BAILEY: Mr. Chairman and
20 commissioners, you have before you resolution
21 2005-56. This deals with the riverboat owner's
22 license held by Belterra Resort of Indiana, LLC.
23 Belterra's license expires on October 2nd, 2005.

24 The commission has not completed its
25 investigation of their renewal of their license,



1 and therefore cannot hold a public hearing at
2 this time. This resolution asks you to make a
3 preliminary determination that Belterra's
4 license be renewed or terminated. If it is
5 renewed, the license will remain valid until the
6 commission reconvenes to hold a public hearing.
7 Commission staff recommends that you renew the
8 license based on the foregoing statements

9 MR. CALLOWAY: You have heard the
10 recommendations of the staff about Belterra's
11 license renewal. Any questions?

12 MS. ROSE: When do you think we are going
13 to have the hearing?

14 MS. BAILEY: When the investigation is
15 complete.

16 MS. ROSE: When is the investigation going
17 to be complete?

18 MR. YELTON: We anticipate the next meeting
19 to be November 17th, and we anticipate that the
20 five-year renewal will be ready for action at
21 that time. And Mr. Buck has been gracious
22 enough to offer to host our meeting at Belterra,
23 for that purpose.

24 MR. CALLOWAY: Any further questions?

25 Resolution 2005-56 is a resolution concerning



1 the renewal of the owner's license at Belterra
2 Resort. The chair will entertain a motion to
3 approve the staff recommendation.

4 MR. VOWELS: I will move to renew.

5 MR. ROBINSON: I will second

6 MR. CALLOWAY: It's been moved and a second
7 made. All those in favor let me know by a voice
8 vote of aye.

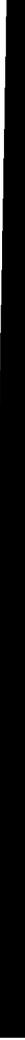
9 (COMMISSION MEMBERS VOTED AYE)

10 MR. CALLOWAY: Any opposed?

11 MR. CALLOWAY: Ayes have it. Motion
12 carried.

13 MS. BAILEY: Okay. The next renewal before
14 you deals with Caesars. It is an order
15 regarding the riverboat owner's license held by
16 Caesars Riverboat Company, LLC. Caesars'
17 license expires on November 15th, 2005. Caesars
18 has requested the renewal of its owner's
19 license, has submitted the required renewal fee,
20 and is in compliance with IC 4-33-6 IAC.
21 Commission staff, therefore, recommends you
22 grant a one-year approval, effective November
23 15th, 2006.

24 MR. CALLOWAY: You've heard the
25 recommendation regarding Caesars' Riverboat



1 license one-year renewal. Are there any
2 questions? If not, the chair will entertain a
3 motion to approve the request.

4 MR. VOWELS: I will move to approve.

5 MR. ROBINSON: I will second.

6 MR. CALLOWAY: It has been moved and a
7 second made. All those in favor let me know by
8 a voice vote of aye.

9 (COMMISSION MEMBERS VOTED AYE)

10 MR. CALLOWAY: Any opposed?

11 (NONE)

12 MR. CALLOWAY: The ayes have it. Motion
13 carried.

14 MS. BAILEY: The next renewal is an order
15 dealing with the riverboat owner's license held
16 by Grand Victoria Casino and Resort.
17 Grand Victoria's license was extended past the
18 expiration date of September 15, 2005, by a
19 letter dated August 1st, 2005, from the
20 executive director.

21 Grand Victoria has requested the renewal of
22 its owner's license, and has submitted the
23 required renewal fee, and is in compliance with
24 Indiana code 4-33-68 IAC. Commission staff
25 therefore recommends that you should grant



1 one-year approval, effective through September
2 15th, 2006.

3 MR. CALLOWAY: You heard the recommendation
4 from the staff regarding Grand Victoria. Do you
5 have a comment?

6 MR. VOWELS: I will just make a note, on
7 the order it says that Blue Chip is in
8 compliance.

9 MR. CALLOWAY: Okay. We need a motion to
10 approve this, amended by the corrected
11 typographical error.

12 MS. ROSE: I move to approve by the
13 amendment.

14 MR. VOWELS: I will second.

15 MR. CALLOWAY: It's been moved and a second
16 made. All those in favor let me know by a voice
17 vote of aye.

18 (COMMISSION MEMBERS VOTED AYE)

19 MR. CALLOWAY: Any opposed?

20 (NONE)

21 MR. CALLOWAY: The ayes have it. Motion
22 carried.

23 MS. BAILEY: Mr. Chairman, the last renewal
24 on the agenda is for Blue Chip. What you have
25 before you is an order regarding the riverboat



1 owner's license held by Blue Chip Casino, LLC.
2 Blue Chip's license, which expired on August
3 1st, 2005, was renewed pursuant to resolution
4 2005-36, which allowed for renewal pending the
5 commission's three-year investigation.

6 The commission has completed its three-year
7 investigation, and now is reconvening today to
8 hold the public meeting. For CEUP,
9 Laura Littlepage will report her findings, and
10 Judy Campbell is also here from Blue Chip.

11 MR. CALLOWAY: Is Laura here from the
12 Center for Urban Policy?

13 MS. LITTLEPAGE: It's a long title. Good
14 afternoon, commissioners, Chairman Calloway,
15 Executive Director Yelton, and staff. As she
16 mentioned, this is our three-year report. They
17 have been open eight years. You should all have
18 received a copy, so I'm just going to go over
19 the summary.

20 In incentive payments, basically since
21 opening through 2004, Blue Chip has paid over
22 \$26 million in incentive payments. And, in
23 addition to paying \$236 million in direct taxes
24 to the State of Indiana, they've paid \$130
25 million in local direct taxes. The largest



1 single source was 67 million in gaming tax; but
2 they also paid 8 million in property tax.

3 Now, in addition to the tax payments
4 they've also spent -- there was also an economic
5 impact from the incentive payments and the tax
6 payments that were made. About half of the
7 expenditures that the city made with that money
8 was for infrastructure such as streets, sewers
9 and sidewalks. And then the next largest
10 category was for equipment.

11 But then, in -- that was over the whole
12 eight years. But in the last three years,
13 actually the second largest was for insurance,
14 and was primarily the employer share of health
15 insurance. So, a little bit of change there.
16 But, since opening, through December 31st of
17 2004, the economic impact on the city has
18 generated 114 million in economic impact,
19 37 million in employee compensation and 1,684
20 new jobs.

21 Now, as for the fiscal impact, you take the
22 whole analysis, and the riverboat revenue is
23 more than any added cost you could try to
24 determine for the community. And the change
25 that was brought about by the restructuring,



1 while it may have been slightly negative, is
2 nowhere near enough to have change the policy.
3 Now, since opening, Blue Chip has had local
4 spending of \$138 million, and donated almost
5 \$800,000.

6 In addition to the numbers that we have, we
7 also went and talked to the community. When we
8 went to Michigan City we talked to three focus
9 groups. We had community leaders from Michigan
10 City, local business leaders, and social service
11 providers. And we asked really general
12 questions, just so people could rate things.

13 We just asked them about what were some
14 positives, negatives, strengths, weaknesses of
15 having this in our community. And even though
16 there were some differences among the groups,
17 there were some things that were pretty much
18 common themes.

19 One is that the casino has been a positive
20 addition to the community. It's a great
21 corporate citizen. It's the biggest industry in
22 the community, and it doesn't have a negative
23 environmental impact. It also brings tourists
24 to Michigan City.

25 And then there's the money. It provides



1 revenue which could fund infrastructure, capital
2 improvements, and also things like before and
3 after school programs and other social service
4 programs through the community. And they also
5 noted that there was an economic impact just
6 having more people employed and more tourists,
7 which has led to decreased crime and
8 neighborhood revitalization.

9 Now, there were some concerns raised. One
10 was that there was, at least in the current
11 boat, a lack of smoke-free sections. They were
12 worried about some long-term health effects from
13 that.

14 And they did say that some people have a
15 problem with gambling addictions, which could
16 lead to bankruptcy, or spending more than they
17 could afford, and acting violent and child
18 abuse, and that there's a perception in the
19 community that there's not much effort by the
20 casino to identify people with gambling
21 problems.

22 And there's also a perception that there's
23 not a lot of community input in deciding where
24 to spend the money. And there also was the
25 question of whether the casino includes minority



1 and local vendors and contractors. But, in
2 general, I would have to say that most of their
3 conversation was positive.

4 Now, average employment over the time
5 period has been 1,164 employees. In 2004 it was
6 1,192, so about close to the average. 59
7 percent were women, 21 percent were minorities,
8 which compares to 13 percent of the population.
9 60 percent were from La Porte County, which is
10 lower than the goal that they had of 90 percent
11 from LaPorte County. Total wages has been over
12 240 million, with almost 35 million in 2004.

13 Now, as part of this, we also did a survey
14 of employees, and we gathered information from
15 them. And from that information we found out
16 that, before beginning work at Blue Chip, 23
17 percent had been unemployed, they weren't taken
18 from somewhere. And out of the previous survey
19 that we did for the five year, 31 percent. Now
20 most of those employees previously worked in the
21 service and retail sector, or in another casino.
22 So, that whole area up there is developing into
23 an industry that way.

24 The most common reason people work at
25 Blue Chip evolves from the previous survey of



1 who worked those years which was for more money.
2 But for those who began working in the last
3 three years, actually the share of response
4 reported seeking better benefits has surpassed
5 more money, and has become the more common
6 reason. Career advancement opportunities are
7 also more common than earning more money.

8 And the average length of employment was
9 four years and three months, with 19 percent
10 having worked for more than seven years. And
11 also 19 percent having worked for one year or
12 less. And most work full time, with only 4
13 percent working less than 32 hours, which is
14 where it kicks in for benefits. Average
15 salaries and tips were \$28,769, and that
16 compared to the per capita in Porter County as
17 \$25,241.

18 On the survey we also asked about things
19 that would be an indication that people's lives
20 were getting better. We had 44 respondents that
21 had acquired home ownership, 101 made
22 significant home improvements, 189 purchased a
23 new vehicle since beginning work at Blue Chip.

24 Now, we also asked about the training the
25 employees received, and most employees reported



1 -- 75 percent reported receiving job specific
2 training. But few, only about 10 percent,
3 received tuition reimbursement. And 14 percent
4 paid for additional training out of pocket.

5 Now, as you would expect, the likelihood of
6 receiving training increased as the number of
7 employees increased, and generalized education
8 increases. Now, this is not to say that these
9 were not offered to employees, but that's who
10 reported receiving them.

11 Now, in addition, as part of this report we
12 looked at the business climate before and after
13 gaming, and compared that to non gaming counties
14 and also as a projected trend of what would have
15 happened if the casino hadn't opened, just to
16 try to do a control.

17 Now, overall, the number of jobs and number
18 of establishments in La Porte County lagged
19 compared to the trends in the non riverboat
20 counties. But the lack of growth began before
21 the riverboat came, and the wage growth is
22 actually pretty comparable.

23 Now, as you would expect, amusement and
24 recreation is one of the industries that showed
25 considerable change after gaming began, and



1 wages and employment would vary rapidly. But
2 ten other industries also showed variable
3 changes, and about half of those were in the
4 retail sector.

5 Now, it's impossible to say that all those
6 changes were because of riverboats, but it
7 provides an understanding of the climate, and
8 that gives you an idea of things that happened.
9 Now, most of the jobs grew at a slower rate
10 after beginning of operations, but faster than
11 the non riverboat trend in the same time period.
12 So, basically they weren't as fast as the non
13 riverboat counties, but if it hadn't been for
14 that riverboat it would have been worse. If you
15 look at zip code living data, jobs grew faster
16 near the riverboat than all four counties
17 involved.

18 And, lastly, Charlene Sullivan did an
19 analysis of financial distribution. The summary
20 of that is Blue Chip Casino has produced
21 outstanding operating results in the last three
22 years. The facility is a significant
23 contributor to the cash flow and the importance
24 of the property is highlighted by the expansion
25 plan, in that they will counteract impact on



1 Michigan City property.

2 Boyds' investment creates a large amount of
3 asset base for substantial growth in earnings
4 for the future. And while currently using a
5 fairly high amount of leverage, the company is
6 well positioned in the debt market, and has
7 adequate cash flow to service the existing debt
8 load. Does anybody have any questions?

9 MR. FESKO: Just generally. Do we know why
10 the requirement for La Porte County is that 90
11 percent of the workforce is supposed to come
12 from that county?

13 MS. LITTLEPAGE: That was just a goal.

14 MR. FESKO: Just a goal. And now it is
15 about 60 percent?

16 MS. LITTLEPAGE: Uh-huh. And there could
17 be other reasons for that. I mean, not
18 necessarily -- it could be that there's not that
19 many people that you can get to that level that
20 have the right skills.

21 MS. ROSE: Your report indicated that there
22 were a number of employees who weren't certain
23 that they were eligible for benefits.

24 MS. LITTLEPAGE: Yeah, there was.

25 MS. ROSE: I thought that was odd.



1 MS. LITTLEPAGE: Well, and part of that,
2 when you do stuff, there were people who we saw
3 were full time and people who actually accessed
4 it, and then asked if we thought they were
5 eligible. But when we asked that on the next
6 one, we refined that question to ask if they
7 received it anywhere else, from a spouse,
8 because people may not have checked that, even
9 though they're eligible, because they received
10 it from a spouse, so they don't think about it
11 that way.

12 MS. ROSE: So, your theory was that the
13 employees just weren't paying attention to it?

14 MS. LITTLEPAGE: I mean, that's what we're
15 thinking. And we're going to see, when we get
16 the results back from Belterra. If it's the
17 same, then it might be something else. But,
18 that was something that we did think could have
19 occurred, that that could have been that gap
20 there. Any other questions? Thank you.

21 MR. CALLOWAY: We now want to call on
22 Mr. Brian Larson, senior vice president and
23 general counsel for Boyd Gaming.

24 MR. LARSON: Good afternoon,
25 Chairman Calloway, members of the commission,



1 Executive Director Yelton, and staff. Thank you
2 for the opportunity to address you today in
3 connection with Blue Chip's license and renewal.

4 We would like to make a brief presentation
5 to you this afternoon, regarding our company.
6 We will give you a short overview of
7 Boyd Gaming, discuss our currently existing
8 growth projects, with particular emphasis on the
9 Blue Chip expansion, and wrapup our
10 presentation, and put in a few concluding
11 remarks about Boyd Gaming. Following our
12 presentation we will be happy to answer any
13 questions that you may have. I believe that you
14 all have a package in front of you that
15 summarizes our presentation. Before we begin
16 our presentation I would like to introduce our
17 management team that is here today.

18 First, I would like to introduce Bill Boyd,
19 the chairman and chief executive officer of
20 Boyd Gaming Corporation. We also have
21 Keith Smith, our president and chief operating
22 officer. Willy Boyd, who is a member of our
23 Board of Directors and vice president of the
24 company. Hector Manz, senior vice president of
25 operations over the central region, which



1 includes Blue Chip. Judy Campbell, Blue Chip's
2 vice president and general manager. As well as
3 Rob Stilwell the vice president of corporate
4 communications for Boyd Gaming. We also have
5 with us today Ryan Solz of our government
6 affairs department.

7 And, with that, I would like to turn the
8 podium over to Bill Boyd, our chairman and CEO,
9 to give you a brief overview of Boyd Gaming.

10 MR. BOYD: Thank you Brian. Thank you Mr.
11 Chairman, members of the commission, Mr. Yelton
12 and staff. It's a pleasure to be here this
13 morning. As Brian mentioned, I would like to
14 take just a few minutes to give you a brief
15 overview of Boyd Gaming. Then, of course, if
16 you have any questions we will be happy to
17 answer them.

18 As you may know, Boyd Gaming today features
19 these 18 properties. We have one property under
20 construction in Las Vegas. But of those 18
21 properties, unfortunately two of them in
22 Louisiana are presently not open.

23 The Treasure Chest in Kenner, Louisiana,
24 which is located on Lake Pontchartrain about
25 five miles from New Orleans, was closed by



1 Katrina. Fortunately, physically the boat that
2 we have there was not damaged too badly, however
3 our employees were displaced, as well as our
4 customers. We could open that in a fairly short
5 period of time, assuming that the infrastructure
6 is back in that area and our customers are back.
7 We've contacted about 980 of our 1,015
8 employees, so we know where they are. And we
9 also are paying them for a term of 60 days, and
10 if we're not open by then we would review that.

11 Delta Downs, which is in western Louisiana,
12 right on the border between Texas and Louisiana,
13 we weren't quite as fortunate. We really were
14 right in eye of Hurricane Rita there. It's only
15 been a few days now, but we have substantial
16 damage. We're hopeful that our employees are in
17 good shape, physically; but we know that the
18 Golden Triangle area of Orange and Port Arthur
19 was really materially damaged, and that was one
20 of our markets.

21 The other major market we have in Houston
22 was spared, greatly spared. We don't know how
23 soon we will be able to reopen there. We're
24 going to be paying our employees there, as well,
25 for some 60 days.



1 We really appreciate what Mr. Yelton and
2 the staff and this commission has done to allow
3 our employees to relocate, making it easier for
4 them to relocate. We also have a relocation in
5 progress, where we are allowing our employees
6 either on a temporary or permanent basis, to
7 come to one of our other properties when there's
8 an opening in other parts of the country. So,
9 we're very, very hopeful that we will have those
10 properties reopened as soon as possible.

11 We are the third largest gaming company in
12 the industry, and we really have a diversified
13 portfolio of properties. We're the industry
14 leader in the area of responsible gaming, and
15 have an unparalleled commitment to the
16 communities and states in which we do business.
17 That's a legacy that both my mom and dad started
18 in the Las Vegas area, several decades ago.

19 Our development pipeline is very active,
20 and the short-term focus is on three specific
21 areas. In Las Vegas we are building what I
22 mentioned earlier, what will become our newest
23 property, our 19th property, the South Coast
24 Hotel and Casino. That's located in the
25 southern part of the Las Vegas valley, which is



1 probably the most rapidly growing part of the
2 Las Vegas area now. South Coast is part of
3 Coast Casinos, which we merged with a year ago
4 July, and is a wholly owned subsidiary of Boyd
5 Gaming.

6 In New Jersey we have two expansion
7 projects at our market-leading Borgata Hotel
8 Casino and Spa, and Keith Smith, our president
9 and chief operating officer will walk you
10 through those projects in a moment.

11 In Indiana we are in the final stages of a
12 major expansion at the Blue Chip Hotel and
13 Casino in Michigan City, Indiana; where we are
14 very, very proud to have been a part of that
15 community for some six years now, since we
16 purchased Blue Chip.

17 And now, if I might, I would like to ask
18 Judy Campbell to come forward. Judy is our vice
19 president and general manager at the Blue Chip
20 Casino, and she can share with you where we are
21 right now in our building project, which I think
22 you will be very pleased with Blue Chip. Thank
23 you all very much.

24 MS. CAMPBELL: Thank you. And I will try
25 to keep this brief. My portion begins on page



1 12. That's an aerial shot of the property prior
2 to us beginning. And, as you can see, we have
3 the hotel to the right, the pavilion, which by
4 the way we moved our vessel today about 30 feet
5 to the south, temporary boarding for the next
6 three months.

7 If you look to the middle of this picture,
8 on the left, you will see one construction
9 trailer. That was very early on in our process.
10 We have about 20 construction trailers there.
11 And in front of the boat, is the area that we
12 dewatered in order to build the boat, since we
13 do have to build our vessel on property.

14 The next page is a model. It's a model
15 that stands in our pavilion. It's built to
16 scale. We feel it's a nice picture, because it
17 gives you some feel for the size of the two
18 boats, and the relationship between those two at
19 the end of the project. You can see the parking
20 garage to the left. That is open. It was
21 opened in July. And if you look between the
22 boat and the pavilion, you see the expansion of
23 the pavilion that's expected to be completed
24 later on this year.

25 We will be replacing our existing boat with



1 a three-level boat. But we are opening with
2 gaming on just one of those floors. We are also
3 going to enhance the dock side pavilion support
4 areas. That will have some back of the house,
5 some service areas, and entertainment lounge and
6 a cage. It's a \$170 million project, and we
7 will be adding about 450 slot machines and a
8 handful of table games.

9 As I said, we recently opened the parking
10 structure. William B's our new steak house
11 opened in -- William B's opened in mid July, and
12 Nelson's Deli opened in August.

13 Finally, the last parts of this, the last
14 components as we say will be finished next year.
15 The beginning of the year '06, we will be ready
16 and open for business. It is a huge project.

17 If you look at Blue Chip by the numbers you
18 will see that we are about to open one of the
19 largest certified halls made for gaming in the
20 United States. We're pretty proud of that. At
21 the end of the project, it's going to weigh
22 10,000 tons. So, it's a heavy piece of work.
23 That is fully loaded. The boat we have today is
24 at 7.8 million pounds. We will house over 6,000
25 patrons and employees. That is the total number



1 to be split between those two. And the fuel
2 capacity is 228,000 gallons. So, that's about
3 200,000 gallons more than today.

4 MR. VOWELS: But, what do you do with that
5 fuel?

6 MS. CAMPBELL: Right now we have no
7 intention of filling our tank.

8 And we're increasing the gaming space, of
9 course, by about 20,000 feet. And probably one
10 of the most important part of our project is
11 that our state of the art air quality system
12 will enable us to change the air 15 times per
13 hour, complete outside air, no refiltration.

14 The next two pages are pretty much the same
15 picture. If you want to go to the second one.
16 That's a picture of our boat as it is being
17 built. That's starboard side. You see the
18 opening where it will connect to the pavilion
19 and enter onto the casino. The next picture is
20 taken from the hotel roof, and there you can see
21 part of the corn shell of the pavilion expansion
22 being built.

23 And, again, it's a little difficult to tell
24 the size of the two from that angle, because it
25 makes our existing boat look a little bigger



1 than it is, or maybe it makes our new boat look
2 a little smaller than it is.

3 MR. FESKO: I'm curious. How do you remove
4 your existing boat?

5 MS. CAMPBELL: The existing boat, we just
6 back it up.

7 MR. FESKO: And what are you going to use
8 it for.

9 MS. CAMPBELL: Right now we're doing some
10 studies, some feasibility studies on what can be
11 done with it; but we don't have anything
12 pinpointed at this moment.

13 MR. VOWELS: It's not going to be able to
14 get out that spot, though, is it?

15 MS. CAMPBELL: Neither one of them are ever
16 leaving that spot.

17 The next page is the elevator bank of our
18 new parking garage, which is centrally located
19 right across the street from the pavilion
20 entrance. It's actually located right between
21 the pavilion entrance and the hotel entrance, so
22 it is easy access for all.

23 Next, we have William B's bar. That is
24 newly opened. And, finally, William B's itself,
25 which we are extremely proud of. It's a very



1 nice dining room, and we were able to increase
2 seating by about 40 seats, with the anticipated
3 business.

4 Before we answer any questions, I would
5 like to ask Keith Smith, our president and chief
6 operating officer, to run you through some of
7 the other projects we have. Thank you.

8 MR. SMITH: Good afternoon Mr. Chairman,
9 members of the commission,
10 Executive Director Yelton, and staff.
11 Judy Campbell described what is a very exciting
12 project for us here in Indiana. We've been
13 operating here, as many of you know, since late
14 1999. We have experienced a great deal of
15 success here. We are pleased and proud to be
16 making this significant investment in the State
17 of Indiana at our Blue Chip property.

18 As Mr. Boyd indicated, we have two other
19 projects, two other significant projects, that
20 are underway right now. One is the South Coast
21 Hotel and Casino in Las Vegas. It is within a
22 new and growing part of the Las Vegas Valley.
23 It is on the strip just south of Mandalay, just
24 south of the intersection of the strip and
25 Tropicanna. There are some pictures in the book



1 that you have.

2 It is a \$600 million development for us.
3 It will open with about 1,350 rooms with a
4 master plan for an additional 700 rooms. We
5 expect to open sometime around the first of the
6 year. Like Blue Chip, we're just a little bit
7 away from being able to define an exact date for
8 opening, at this point. We will expect it
9 sometime around the first of the year.

10 You will see in some of the aerial shots an
11 equestrian center where maybe it looks like an
12 arena, it's not finished yet, but we will have a
13 state of the art equestrian center, the only one
14 of its kind.

15 Moving back east, to the Borgata, which has
16 been a hugely successful project for us since
17 the day it opened almost two years ago, we have
18 two expansions going on at that property. We
19 have the \$200 million public space expansion. we
20 will be adding about 500 slots and 40 tables,
21 just about tripling the size of our poker room
22 to 85 tables. We will be adding three new
23 signature restaurants. There will be a Bobby
24 Place Steakhouse, a Michael Mino Restaurant and
25 a Wolfgang Puck Restaurant.



1 The second expansion will be an expansion
2 of an additional hotel which will be connected
3 to the casino. We will have about 800 rooms and
4 suites. There's an aerial shot also that shows
5 the expansion of the public space. The hotel
6 expansion is not yet underway. We expect the
7 hotel expansion to start around the first of the
8 year.

9 In summary, Boyd Gaming is a strong and
10 diverse company. We have many operations in
11 many parts of the country. We have both short
12 term and long-term development prospects. We
13 have strong fundamentals with one of the lowest
14 cost of capitals in the business, and we have a
15 sound capital structure that allows us to make
16 investments when the opportunities arise, and
17 make acquisitions when the opportunities arise.

18 I think that concludes our presentation,
19 and with that we will be happy to answer any
20 questions that the commission would have.

21 MR. VOWELS: You heard earlier Harrah's
22 talking about misplaced workers in the Gulf,
23 allowing them to come to Indiana to work on
24 boats. Have you had any workers from down there
25 come up and work in Michigan City?



1 MR. SMITH: Yes. Judy would have the exact
2 number on that, but at the last report we had, I
3 believe, two people that are currently up here
4 from our Treasure Chest property.

5 Once again, the Delta Down situation, that
6 Mr. Boyd described, just occurred Friday night
7 into Saturday morning, and we're just getting a
8 handle on that right now. So I would imagine,
9 as a result of that, that property will also be
10 closed for some period of time, and we will have
11 some additional employees who will need to be
12 relocated.

13 MR. VOWELS: Mr. Yelton, there was a
14 Hurricane Katrina relief waiver that was
15 executed, that we received. It appears that
16 there may be some Hurricane Rita Relief?

17 MR. YELTON: About 15 seconds ago I just
18 asked general counsel that question. Yes, we
19 will attend to that, Mr. Vowels.

20 MR. CALLOWAY: Any other questions?

21 MR. SMITH: Thank you for your time today.

22 MR. CALLOWAY: You heard the report from
23 both Boyd personnel, as well as our staff
24 regarding Blue Chip Casino's three year renewal
25 application. We need a motion to approve.



1 MR. VOWELS: I will move to approve it.

2 MR. ROBINSON: I will second.

3 MR. CALLOWAY: It's been moved and a second
4 made. All those in favor let me know by a voice
5 vote of aye.

6 (COMMISSION MEMBERS VOTED AYE)

7 MR. CALLOWAY: Any opposed?

8 (NONE)

9 MR. CALLOWAY: The ayes have it. Motion
10 carried.

11 Okay. Any other business?

12 MR. YELTON: Mr. Chair, we had on the
13 agenda, under other business, this afternoon the
14 Switzerland County/Belterra local development
15 agreement presentation. Friday afternoon I was
16 notified, by a representative of both
17 Switzerland County and Belterra, that by mutual
18 agreement they've requested that we remove that
19 from the agenda. But, obviously, Friday
20 afternoon we couldn't type up a new agenda and
21 get it out, so I assured them that we would
22 report today that that item will be removed and
23 not addressed by the commission today.

24 MR. CALLOWAY: Thank you. The next meeting
25 is October the 13th? Or we do not know?



1 MR. YELTON: No, we still are planning on
2 November 17th at Belterra, at this time.

3 MR. CALLOWAY: Okay. If there are no
4 further issues to come before this commission,
5 the chair will entertain a motion to adjourn.

6 MR. VOWELS: I will make a motion to
7 adjourn.

8 MR. CALLOWAY: It has been moved and a
9 second made. All those in favor let me know by
10 a voice vote of aye.

11 (COMMISSION MEMBERS VOTED AYE)

12 MR. CALLOWAY: Any opposed?

13 (NONE)

14 MR. CALLOWAY: The ayes have it. Meeting
15 is adjourned.

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1 STATE OF INDIANA)
2) SS:
3 COUNTY OF HENDRICKS)

4 I, Peggy Morgan, a Notary Public in and for
5 the County of Hendricks, State of Indiana at large,
6 do hereby certify that a Gaming Commission business
7 meeting was held on the 26th day of September 2005.

8 That the foregoing business meeting was taken
9 down in stenograph notes and afterwards reduced to
10 typewriting under my direction, and that the
11 typewritten transcript is a true record of the
12 proceedings;

13 IN WITNESS WHEREOF, I have hereunto set my
14 hand and affixed my notarial seal this 20th day of
15 October, 2005.

16

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Peggy Morgan

21 My Commission Expires:
22 December 16, 2006

23

24 County of Residence:
25 Hendricks

