

INDIANA GAMING COMMISSION  
BUSINESS MEETING  
THURSDAY, NOVEMBER 17, 2005  
10:30 A.M.

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A meeting of the Indiana Gaming Commission held at the Belterra Casino Resort, 777 Belterra Drive, Florence, Indiana, scheduled for 10:30 a.m., on Thursday, November 17, 2005.

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ORIGINAL

10/10/10

APPEARANCES:

Ernest Yelton, Executive Director

Tami Timberman

Kevin Mahan

Phil Sicuso

Jennifer Arnold

Harold Calloway

Bryan Robinson

Don Vowels

Marya Rose

Tim Fesko

Scott Newman

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1 P R O C E E D I N G S

2 November 17, 2005

3 MR. CALLOWAY: Good morning. How's everybody?

4 All right.

5 We're glad to be here today, and  
6 welcome to our meeting today with the  
7 Indiana Gaming Commission. At this  
8 time we're going to call the meeting  
9 to order.

10 We're going to have a roll call.

11 Mr. Newman.

12 MR. NEWMAN: Here.

13 MR. CALLOWAY: Mr. Fesko.

14 MR. FESKO: Present.

15 MR. CALLOWAY: Ms. Marya.

16 MS. ROSE: I'm here.

17 MR. CALLOWAY: Mr. Vowels.

18 MR. VOWELS: Here.

19 MR. CALLOWAY: Mr. Robinson.

20 MR. ROBINSON: Here.

21 MR. CALLOWAY: I'm Harold Calloway.

22 The minutes was mailed. We need  
23 approval of the minutes of the  
24 previous meeting.

25 MALE SPEAKER: I'll move to approve.



1 MR. CALLOWAY: Second?

2 MALE SPEAKER: I'll second.

3 MR. CALLOWAY: Moved and seconded.

4 All those in favor, let it be known  
5 by a vote or sign of aye.

6 (Board signifies unanimous ayes.)

7 MR. CALLOWAY: Those opposed? Ayes have it.

8 For the Executive Director, Mr.  
9 Yelton.

10 MR. YELTON: Thank you, Mr. Chairman. First item

11 I'd like to report on is the  
12 hurricane waiver update. As you may  
13 remember, following the Hurricanes  
14 Rita and Katrina, the Indiana Gaming  
15 Commission entered an order waiving  
16 licensing fees and some requirements  
17 for individuals from those boats who  
18 had come up to Indiana and worked at  
19 sister properties.

20 As of this week, I'm pleased to  
21 report there were 80 victims of  
22 Hurricanes Rita and Katrina that have  
23 been employed by Indiana licensees  
24 pursuant to that waiver.

25 Now the waiver does expire in





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December, and I think the GMs will  
acknowledge that they've been, I've  
informed them it will not in general  
be expanded and extended. However,  
we will look at any individual  
requests on an individual basis.  
For example, Belterra is going to be  
replacing its carpeting during the  
months of December and January, and  
we have authorized them to utilize  
these victims as well in the process.  
And also, I'd like to acknowledge  
that, I believe it was the November  
the 6th was the tornado that hit  
Evansville and, very sadly, one of  
the employees of Aztar lost his life,  
and about 13 families I think lost  
their homes. That was right at the  
end of the Indiana State employee  
charitable contribution drive, but we  
were able to collect at least a  
little over \$400, I believe, that  
would be dedicated to relief for  
those individuals from Aztar.  
I'm pleased to report we only have



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one waiver since our last meeting. Ceasar's was granted a waiver to allow a gratuity in the form of three percent of the price pooled from the World Series of poker that was conducted there, to be paid as a bonus to the employees that they brought in to work on that particular event. And that was the only waiver we've been asked to issue during this last quarter.

We have a litigation update. A little more extensive than I had hoped, but nonetheless. We first of all report on our lawsuit that the City of Chicago filed up north against the Indiana Gaming Commission. Judge Robert Gilmore, who is the Superior Court judge in La Porte County, has been appointed by the Indiana Supreme Court as a special judge. He's accepted jurisdiction and qualified, as it's pretty common anymore with judges, they are powered to transfer the



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cases to their own jurisdiction,  
which Judge Gilmore has done. So the  
case has been transferred from the  
Lake Circuit Court to the La Porte  
Superior Court. We have filed a  
motion to dismiss, which has been  
fully briefed by the parties.

Resorts, I believe, has a motion to  
intervene that's been fully briefed,  
pending, and there's some discovery  
issues.

Unfortunately, we have not received a  
hearing date from Judge Gilmore, but  
we're hopeful that one will come very  
soon.

Since we were last here, the City of  
Chicago has also filed a new lawsuit  
in Marion County against the Indiana  
Gaming Commission. It has alleged  
that the Commission has violated the  
Indiana Access to Public Records Act  
by failing to disclose documents  
which the Commission deemed are  
confidential.

Resorts has requested and been



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granted the right to intervene that litigation. Counsel for Harrah's, I believe, is preparing the very same motion. And I think due to the far-reaching impact of the industry, recognizes that should the City succeed, and all other licensees have united, and it's my understanding are hiring an attorney by the name of Dave Campbell from Indianapolis to represent their interest as well. Indiana law requires that any individuals who confidential material could be impacted by this ruling, be notified of the litigation and notified that they have a right to intervene.

The City is asking for disclosure or PD-1's, and although it may be on its face limited only to Resorts and Harrah's, we have reason to believe that it would serve as precedent all other situations. So that would mean literally thousands and thousands of individuals will be required to be





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notified by the Commission and informed of their rights. Resorts also filed a motion for change of venue from the judge in the case when they intervened and a new special judge has been selected, Judge Kayle Bradford, who also is presiding judge in the declaratory judgment brought by Second Century as to the local development agreement in Chicago.

I don't believe that Judge Bradford has qualified yet, but probably he's not had the opportunity or even the knowledge that he's been selected to do so. We've consulted with the Attorney General's Office and the Governor's Office, and we have hired out -- been given permission to hire outside counsel, which we have done. The Commission is being represented by Tom Funk of Indianapolis in the law firm of Hill, Fulwider, McDowell, Funk & Matthews.

Finally, the litigation that Pinnacle



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brought, declaratory judgment in Federal Court, to determine the rights of Mr. Hubbard as to certain stock options, we have attended, as I reported at the last meeting, a day's-long settlement conference in Federal Court with Judge Shields, and that was not fruitful. Pinnacle has taken the stance that it is vigorously defending the position of the Commission that our intent is very clear that Mr. Hubbard would not be allowed to exercise those options. As a result, yesterday Pinnacle filed a motion to dismiss against the City -- or, excuse me, against the Commission, and that has been done prior to any responsive pleading being filed, which legally means that Mr. Hubbard would not have a right to object.

We presume that it will be granted, if it has not been granted, which also since it's before a responsive pleading. If further the litigation,



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it would be our determination we'd like to reenter, we would probably have the right to do so. But at this point in time it appears that that litigation is approved.

On a similar note, I need to report about the local development agreement, Resorts, and the City of Chicago investigation.

As I reported at the last meeting, the State Board of Accounts determined that it lacked jurisdiction to audit the two, East Chicago Foundation and Second Century, who are recipients of the obligation that Resorts has inherited when it purchased the Harrah's license.

The Indiana Department of Revenue has indicated its preliminary audit of the two foundations has concluded; however, they are still asking for additional information as it relates to Second Century.

The Commissioner of the Department of



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Revenue has restated its position that it can only audit for tax-related purposes and none others; and, therefore, would not address many of the allegations that Mayor Pabey and his administration have been asserting.

After several discussions with the Governor's Office and the Attorney General's Office, the Gaming Commission has requested the Attorney General to investigate those allegations. And, again, I want to use the word "investigate" and "allegations" levied against the two foundations and Second Century.

Attorney General Steve Carter has already begun the fact finding, and upon its conclusion those results will be presented to the Commission, who at that time will make a determination whether he wishes or wishes not to act on the circumstances as presented.

Next I'd like to report about our MBE  
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and WBE study.

The Indiana Gaming Commission is required to establish minority and women business enterprise utilization goals and ensure that the compliance of the riverboats pursuant to Indiana Code 4-33-14. Commission staff has accepted a proposal from the Center for Urban Policy to work with Drew Klacik, who is with us here today, on a disparity study. This study will examine the current utilization of the MBE's and WBE's by the riverboats, measure the capacity of them to provide goods and services to the riverboats, and use that information as a basis by which we will set minority and women business and purchasing goals. While we believe -- we do believe that this industry-specific study will be the first of its kind conducted in the United States.

In the coming months, the IGC will be working with riverboats and



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Mr. Klacik to gather and standardize casino purchasing data and seek input from various stakeholders, including legislators, minorities, and women business owners and other interested parties.

Our goal is to release a draft report in mid 2006 and recommend the purchasing goals to the Commission for action at that time.

Another study is the ones that a contract was entered into with the Policy Analytics and the Indiana Gaming Commission on behalf of the Indiana Department of Gaming Research. The contract has been finalized, and under the direction of Bill Sheltrate, the study to analyze the impact of gambling on Indiana communities and citizens will be conducted as directed by the Indiana Legislative Council.

The scope of the study was approved by representatives Ralph Ayers and Peggy Welch, who proposed the



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research in the first place. And we've even arranged for the representatives from GLI last week to travel to Indiana to work with Mr. Klacik and these other employees. And I'm glad to report that the investigation study is well under way and we expect to receive the report by mid December.

The Voluntary Exclusion Program was implemented approximately 16 months ago to give patrons of the Indiana casinos the opportunity to exclude themselves from all properties for periods of one year, five years and the like.

At this time, 960 people have been enrolled in the program, with close to 50 percent choosing to be a lifetime exclusion and 31 percent choosing a one-year exclusion. To date, 33 members who enrolled for the first year have chosen not to re-enroll at the conclusion of that date.



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The membership collection is as follows: 51.77 percent male, 48.23 percent female; the largest percentage, 34.06 reside in Illinois, and only 30 percent reside in Indiana.

Next, as I reported to you earlier, the Indiana State Public Records Commission approved Phase 1 of our records retention schedule, and we hired a retired former employee, Clarence Long, to assist us in organizing and labeling boxes of documents for a period of two days each week.

I'm pleased to announce that last week, last month, a total of 154 boxes of ancient documents were removed from the office and placed in the State archives. Since then, Clarence has prepared another 136 such boxes, eligible for transfer to the archives as well.

Even with such a progress, we still have substantial document management





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issues, but we are dedicated to the proposition of ultimately controlling the paper flow in the agency. And finally, Rick Day, who is the director of Washington State Gambling Commission, organized a conference call of interested regulators to determine the interest of initiating an interstate internet gambling task force to create a unified attack against illegal internet gambling, or at least provide for the free exchange of opinions and information. To date, 14 states have agreed to participate.

The first meeting of the task force is scheduled for December 13th of this year, and the Indiana Gaming Commission has offered, and has been accepted, to serve as host of that first meeting in Indianapolis. Then recently we received a inquiry from Canada, which was -- which wished to participate as well, making this, hopefully, an international effort.



1 The date along with this, will be  
2 conducted, as I said, in  
3 Indianapolis, and we anticipate up to  
4 60 people to attend.  
5 And that, Mr. Chair, concludes the  
6 Executive Director's report.

7 MR. CALLOWAY: Thank you, Mr. Yelton.

8 In order for the Executive Director's  
9 report to be officially a part of the  
10 minutes, the Chairman will entertain  
11 a motion to accept the Executive  
12 Director's report.

13 MR. ROBINSON: I'll move to accept it.

14 MR. CALLOWAY: Mr. Robinson.

15 MR. VOWELS: I'll second.

16 MR. CALLOWAY: It's been moved and seconded.

17 All those in favor, let it be known  
18 by the vote or sign of aye.

19 (Board signifies unanimous ayes.)

20 MR. CALLOWAY: Those opposed? Ayes have it.

21 Mr. Kevin Mahan, report from the  
22 superintendent, Division of Gaming  
23 Agents.

24 MR. MAHAN: Thank you, Mr. Chairman.

25 Since the last meeting, the Division



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of Gaming Agents has been extremely busy and we've made a lot of ground up. And what I'd like to do, to begin with, if I could have Tom McCord stand up. Tom has joined us. He is going to be the Assistant Director of Enforcement. He's going to oversee what will be the six boats here in southern Indiana. Tom comes to us after serving 15 years with the Indiana State Police, and he left there holding the rank of First Sergeant. Tom and his wife, Judge Andrea McCord, have a daughter Jordan and a son Shawn. They're from Mitchell, Indiana. I can say we're very blessed and it's a great opportunity to have Tom on board, and I look forward to him working with all of you from the south as we bring our enforcement agents on board. So we thank Tom for being here today. We orientated and trained our ten new investigators, plus our executive



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administrator. They completed their  
two weeks of training on  
October 25th, in which they received  
their certificate of completion. And  
also Judge Yelton administered their  
oath of office. And they are busy at  
work. They've all been assigned mini  
investigations, some that kind of got  
somewhat backed up due to the  
transition here, but they're hard at  
work and we look to get all the  
investigations brought up to date.  
In September the gaming agents, along  
with the executive staff, we  
continued our tour. We very much  
enjoyed touring the boats, and we  
were able to visit Lake County,  
visited the four boats in Lake  
County. We would like to publicly  
thank the general managers and their  
staff for going out of their way to  
accommodate us on the tour.  
Appreciate that very much.  
Although nothing is set in stone as  
of yet, one of the things that our





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directors are wanting to do is see about rewriting the PD1 to make this more user friendly, and that's something I'll try to keep you abreast upon here in the future. We did receive official approval of the enforcement agents, enforcement supervisors and enforcement investigator and secretary 3 positions, and we finalized the hiring and training timeline for the first round of hiring. This past Friday was the deadline we advertised for over 30 positions in the Lake County area. We did that by putting it on the State job bank. We also advertised in two prominent newspapers in Lake County, and we are in the process now at which this Saturday we're going to be at the Indiana University Northwest campus at 10:00 a.m. We've had 246 applicants that have applied for these positions.

One thing we've had, we've been



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inundated with a lot of phone calls,  
as you can imagine, around the State.  
What I'd like to, just wanted to let  
everybody know, if you have anyone  
inquiring about these positions on  
the Indiana Gaming Commission  
website, we did add an enforcement  
section that addresses many of the  
pertinent questions that you may  
have. There's a frequently asked  
questions section on there, you can  
gain valuable information from there.  
We're then going to have a written  
examination on December 12th. And,  
again, that's going to be done up in  
Lake County. It's our goal, we're  
going to be doing everything on their  
turf, rather than make the people  
come to Indianapolis throughout the  
process.

We're going to order the background  
investigations, and then we're going  
to have oral interviews. Again, back  
up in Lake County, those will be done  
the week of January 4th.



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On January 7th, we're going to be conducting physical agility screenings and also drug test screenings, and then on the 13th of January we will be conducting our MMPI, our psychological evaluations. It's our goal to offer additional offers of employment on January 23rd, and that our first recruit academy for these new enforcement agents will begin February 6th.

Just for the Commission's benefit, what I'd like to do is, if you would, just pass those down. That is the curriculum that will be followed. That is the curriculum that was approved in conjunction with the Indiana Law Enforcement's Academy, the Indiana Gaming Commission, of the types of training that law enforcement agents will be going through.

Included in this training we have identified and had the opportunity to meet with an expert from Nevada. He



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will be coming out here to train all of our enforcement agents on table games, the type of crimes that may happen in table games, thefts that may happen in table games, many of those type of things, how they handle the patrons' complaints. I think this is something fairly new to the Commission, and we're going to look very much forward to having this specialized training.

And I'd like to thank publicly Mike Smith, and also the generosity of some of the boats here in Indiana who's going to provide some of the tools of the trade, if you will, the tables and all. We're going to kind of set up our make-shift casino at the Indiana Law Enforcement Academy to have this training.

We are also going to be contracting with Gaming Laboratories International. They will then provide two days of on-site training on the electronic gaming devices.





1 This academy will last three weeks.  
2 Upon the completion of the training,  
3 we're intending as of right now  
4 Monday, February 27th, we will have  
5 the first set of enforcement agents  
6 that will report to their boats,  
7 which will be the Trump Majestic  
8 Star, which may be Majestic 1 and 2  
9 by then, but they will report to duty  
10 and begin in their process there.  
11 At the present time -- after that,  
12 then we'll hire the agents to go to  
13 the other two boats in Lake County,  
14 and then it's our intent to move down  
15 south and begin the hiring process  
16 here.  
17 I can say that in my short time of  
18 being with the Commission this far,  
19 we've made a lot of strides, kind of  
20 amazing in time to see how far we've  
21 come. I know there's a lot of work  
22 to be done, but again, I just thank  
23 you for the opportunity to serve you  
24 and the State of Indiana. If anyone  
25 ever has any questions, please feel



1 free to contact me at any time.  
2 Thank you, Mr. Chairman.  
3 MR. CALLOWAY: Thank you, Mr. Mahan. You've heard  
4 the report from our superintendent.  
5 The Chairman would like a motion to  
6 accept his report.  
7 MR. ROBINSON: I'll make a motion to accept his  
8 report.  
9 MR. CALLOWAY: Mr. Robinson.  
10 MR. VOWELS: I'll second.  
11 MR. CALLOWAY: Mr. Vowels seconded it. Any  
12 questions? All those in favor, let  
13 it be known by a vote or sign of aye.  
14 (Board signifies unanimous ayes.)  
15 MR. CALLOWAY: Those opposed? Ayes have it. Okay.  
16 Does anyone have any old business?  
17 MALE SPEAKER: No, Mr. Chairman, there is no old  
18 business.  
19 MR. CALLOWAY: Moving on to new business. We have  
20 a report now from Orange County. I'm  
21 going to ask Mr. Vernon Back if he  
22 would make his report at this time,  
23 please.  
24 MR. BECK: Good morning, Mr. Chairman,  
25 Commissioners.



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I'd like to start by thanking the --  
Mr. Yelton and the staff of the  
Gaming Commission for the cooperation  
of getting the operating agent  
contract signed last week down in  
French Lick. We're very happy to  
have that behind us and be able to  
have the project to move forward.  
As an update on the hotel, as some of  
you may have read yesterday, we  
announced that we are suspending  
operations at the hotel as of Sunday  
at 5:00 o'clock. This is primarily  
due to both guests and employees'  
safety, and the ability to accelerate  
the construction schedule so that all  
440 rooms will be open when we open  
the casino, along with all the  
amenities related to the hotel.  
As we got further into the  
construction, we just felt that the  
risk to the employees and guests was  
greater than we were willing to  
accept, and this will allow us to  
employ more construction workers on



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an accelerated schedule and end up hiring more employees back. The important part of that is what we're going to do for our employees, and that is, between unemployment and a private employment benefit plan we're establishing, they will be paid whole, a hundred percent of their wages, plus we will pay the COBRA above what they would normally pay as an employee as their copay for health insurance. So all the employees will not lose as part of this proposition over the next six months. And we intend to start calling them back sometime in July for training as we get ready to reopen the resort for the first part of, or the last part of next June. On the employee front, many of you know Chris Linger. He has come on board as the general manager for the casino. Micky Brown is our casino project manager, has 15 years experience in the gaming industry.





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We've also hired the vice-president of IT, Ted Mustat, who is already licensed in Indiana, came from another casino. We've also hired the director of security, Michael Bennett, who has got 33 years with the Indiana State Police and comes out of the Jasper post.

On the construction front, I think Jennie is passing down some pictures that were taken, some of them yesterday, some of them last week. Due to the good weather we've had this fall, parking lots in the front of the hotel, the binder coat is down, the caissons are in on the casino, the foundation walls are going to be complete. My guys told me last night by the 23rd, we're putting the caissons in for the parking garage. Currently on the casino, the steel will arrive right around the 1st of December and steel erection will begin.

On the events center, we're getting



1 ready to start the caissons there and  
2 then we'll move to the foundation  
3 walls.

4 On the hotel, the north wing  
5 demolition is complete. Today we're  
6 supposed to receive bids on the  
7 buildback of the north wing hotel  
8 rooms. On the front wing, demolition  
9 should be complete either this week  
10 or next week on the front wing, and  
11 we're supposed to get -- buildback  
12 bids are supposed to come in, I think  
13 in two weeks.

14 So things are progressing. You know,  
15 things continue the way they are,  
16 we're a little bit ahead of schedule  
17 right now.

18 MR. VOWELS: Do you have that packet of pictures  
19 that was passed down? I was just  
20 wondering why they took so long --

21 MR. BECK: That, off the page there, that is the  
22 casino foundation. Those are  
23 foundation walls that are going up.  
24 That will all be backfilled on three  
25 -- two sides, on two sides will be

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1 water, on the outside. The inside  
2 will be filled with a type of gravel  
3 that has weight bearing capacity, and  
4 there will be a port poured over top  
5 of that to go on up from there.  
6 We have actually -- those pictures  
7 were taken from a webcam that we have  
8 up on the top of the north wing of  
9 the hotel.

10 MR. VOWELS: So that there's a website that we can  
11 go to and see --

12 MR. BECK: I can probably forward that to you  
13 and you can watch the construction  
14 workers out there working away.

15 MR. VOWELS: I'd just like to -- you know, we've  
16 been up there, and it's hard to look  
17 at these pictures and imagine where  
18 everything is that's going on here  
19 now from what we saw when we were  
20 there last summer.

21 MR. BECK: That is a view off the north wing of  
22 the hotel, and that is slightly to  
23 your -- as you're standing on the  
24 north wing looking out, slightly to  
25 your right. If you look straight

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1 out, that's the roadway that runs  
2 between the casino and the parking  
3 garage. The parking garage is on the  
4 left. That's where you see, looked  
5 like, looked like drilling rigs or  
6 drilling caissons in. And the hole  
7 closer to you, you see on the parking  
8 garage view, is the lowest level of  
9 the event center where they're  
10 getting ready to --

11 MS. ROSE: That's this one right here  
12 (indicating).

13 MR. BECK: Yes, that's the hole there at the  
14 bottom.  
15 Any questions?

16 MR. CALLOWAY: Thank you, Mr. Back. Any questions  
17 for Mr. Back?

18 MR. BECK: Thank you.

19 MR. CALLOWAY: Okay. Susan Brodnan.

20 MS. BRODNAN: Good morning. You have before you  
21 resolution 2005-57 regarding Rule 68  
22 IAC 15-5-1.5, which pertains to the  
23 graduated wager and tax and the  
24 transfer of the riverboat owners  
25 license. The rule was filed as an

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1 emergency ruling in April of this  
2 year. The proposed rule was  
3 published in the Indiana Register on  
4 September 1st. A public hearing to  
5 consider comments was held on  
6 November 8th. No members of the  
7 public appeared at the hearing and no  
8 oral or written comments have been  
9 received.

10 The Commission staff, therefore,  
11 recommends you adopt the language of  
12 the proposed rule as a final rule.  
13 It will then be forwarded to the  
14 office of the Attorney General for  
15 approval. Upon sufficient approval  
16 there, it will be forwarded to the  
17 office of the Governor, where it will  
18 then be forwarded to the Secretary of  
19 State's office for filing.

20 MR. CALLOWAY: You heard the report regarding the  
21 resolution 2005-57, the resolution  
22 adopted of 68 IAC 15-5-1.5 as final  
23 rule. Can we get a motion to  
24 approve?

25 MR. VOWELS: I'll move to approve.



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MR. ROBINSON: Second.

MR. CALLOWAY: Move to second.

All those in favor, let it be known  
by a vote or sign of aye.

(Board signifies unanimous ayes.)

MR. CALLOWAY: Those opposed? Ayes have it.

Thank you. Mrs. Leanne Bailey.

MS. BAILEY: Thank you, Mr. Chairman,  
Commissioners. We have before you an  
order concerning the placement of  
Lewis Moore on the exclusion list.  
On May 6, 2005, Lewis Moore was  
placed on the exclusion list due to  
an incident at Argosy Casino.  
Mr. Moore requested a hearing to  
repeal that placement. In a letter  
dated November 3, 2005, by and  
through his attorney, Mr. Moore  
withdrew his request for a hearing.  
So pursuant to 68 IAC 7-1-2-F, the  
staff would recommend that the  
Commission accept Mr. Moore's  
withdrawal.

MR. CALLOWAY: You heard the report regarding the  
placement on the exclusion list for



1 Lewis Moore. Can we get a motion?  
2 MR. NEWMAN: I have a question. If he is allowed  
3 to withdraw, is he barred then from  
4 reapplying?  
5 MS. BAILEY: Yes, this becomes the final  
6 Commission order then. He's placed  
7 on the list.  
8 MR. NEWMAN: Thank you.  
9 MR. CALLOWAY: Any questions? If not, the Chairman  
10 entertain a motion at this time.  
11 MR. ROBINSON: I'll move to accept.  
12 MR. VOWELS: I'll second.  
13 MR. CALLOWAY: Move to second. All those in favor,  
14 let it be known by a vote or sign of  
15 aye.  
16 (Board signifies unanimous ayes.)  
17 MR. CALLOWAY: Those opposed? The ayes have it.  
18 Andrew Klinger.  
19 MR. KLINGER: Good morning, Commissioners. I have  
20 two occupational license matters for  
21 you here today. The first involves  
22 Calvin Archy. Mr. Archy applied for  
23 an occupational license on June 1st,  
24 2005. He was issued a level 3,  
25 temporary occupational license to



1 work as a steward at Ceasar's Casino.  
2 In investigating his application, it  
3 was determined that he had failed to  
4 disclose a criminal arrest on his  
5 application, and the Commission sent  
6 to Mr. Archy three letters requesting  
7 that he provide court documentation,  
8 showing the outcome of those arrests,  
9 but Mr. Archy failed to submit any  
10 information to the Commission. As a  
11 result, the Commission, the staff  
12 temporarily revoked his temporary  
13 occupational license and now  
14 recommends that you deny his  
15 application for the license.

16 MR. CALLOWAY: You heard the report of revocations  
17 of temporary license and denial of  
18 applications for permanent  
19 occupational licenses for Calvin  
20 Archy and Natasha Steward.  
21 Are there questions?  
22 If not, the Chairman will entertain a  
23 motion to accept the recommendation  
24 of the staff.

25 MR. FESKO: We will accept the recommendation of  
36





1 the staff.

2 MR. CALLOWAY: Second?

3 MR. VOWELS: I'll second.

4 MR. CALLOWAY: Move to second. All those in favor,  
5 let it be known by a vote or sign of  
6 aye.  
7 (Board signifies unanimous ayes.)

8 MR. CALLOWAY: Those opposed? Ayes have it.

9 MR. KLINGER: They were actually two. I think you  
10 just handled both of them, but  
11 Natasha Steward was the second case,  
12 pretty much the exact same facts.

13 MR. CALLOWAY: Now we've done both of them at the  
14 same time, right?

15 MR. KLINGER: Yes.

16 MR. CALLOWAY: That is fine. Susan Brodnan.

17 MS. BRODNAN: At the last meeting, you might recall  
18 we renewed two supplier license on a  
19 temporary basis for a period of up to  
20 six months due to some issues they  
21 were having in another state.  
22 I have an update for you on those two  
23 matters.  
24 The first pertaining to Vending Data  
25 Corporation. They had a disciplinary



1 action pending against them in the  
2 State of Louisiana. The disciplinary  
3 action stemmed from an executive's,  
4 former executive's failure to  
5 disclose required information. We  
6 have been advised that a hearing  
7 regarding the matter is scheduled for  
8 November 29th and November 30th in  
9 Louisiana. It was originally  
10 supposed to be earlier, but due to  
11 the hurricane, they postponed it. So  
12 we will keep you updated on that at  
13 the next Commission meeting.  
14 The second company was Chipco  
15 International. We received  
16 information that their license, their  
17 registration in British Columbia had  
18 been rescinded. We received  
19 information from Chipco and the  
20 British Columbia Ministry of Public  
21 Safety and Solicitor General  
22 regarding their investigation, and we  
23 learned that Chipco was granted  
24 registration for a period of one year  
25 on November 18 of 2004. The



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registration was rescinded on  
March 16, 2005, due to their failure  
to submit, timely submit requested  
and information.

Chipco did notify the Commission of  
this incident, as they are required  
to do so.

Upon initial review, the Commission  
staff does not feel it would warrant  
disciplinary action against their  
license; however, we would like to  
see additional information, whether  
the failure to submit was inadvertent  
or if it was more intentional effort  
to fail to disclose particular  
information. And we would like to  
review the regulations in greater  
detail before making a final  
determination. We will report back  
to you on that as well at the next  
meeting.

MR. CALLOWAY: Is this resolution 2005 --

MS. BRODNAN: No, this is just an update, there was  
no resolution on this one. So I  
don't know if anyone has any



1 questions about that.

2 MR. VOWELS: Those are the two that we did the six  
3 months' extension; is that right?

4 MS. BRODNAN: Yes.

5 MR. NEWMAN: Is there a duty to report events like  
6 arrests in the interim that occur, or  
7 can the person wait til they make  
8 application for renewal to disclose?

9 MS. BRODNAN: The regulations don't specifically  
10 state the time frame. They do have a  
11 duty to provide any updates from  
12 information that is changed. On  
13 suppliers every year they do submit  
14 an annual renewal form, and more  
15 often than not, that is when they do  
16 it, when they submit it to us.

17 MR. NEWMAN: So there's no duty to immediately  
18 inform, or as soon as practical or  
19 anything like that?

20 MS. BRODNAN: No. No, it does not specifically  
21 state that, no. Any other questions?  
22 Okay.

23 The next matter you have before you  
24 is Resolution 2005-58 regarding the  
25 renewal of supplier licenses held by

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1 IEP, IGT, Midwest Game Supply, Tech  
2 Innovations and Southwest  
3 Surveillance Systems. The companies  
4 have requested renewal of licensure  
5 and have submitted the required  
6 renewal fee, and they are currently  
7 in compliance with Indiana Code 4-33  
8 and Title 68 of the Indiana  
9 Administrative Code.

10 The Commission staff, therefore,  
11 recommends that you adopt the  
12 resolution and renew their licenses  
13 for a period of one year.

14 MR. CALLOWAY: You heard the recommendations  
15 regarding Resolution 2005-58.  
16 Questions? If not, the Chairman will  
17 entertain a motion to accept the  
18 staff's recommendation.

19 MR. VOWELS: I'll move to grant renewal of the  
20 suppliers' licenses.

21 MALE SPEAKER: I'll second.

22 MR. CALLOWAY: Motion seconded. All those in  
23 favor, let it be known by a vote or  
24 sign of aye.

25 (Board signifies unanimous ayes.)



1 MR. CALLOWAY: Those opposed? Ayes have it.

2 MS. BRODNAN: Resolution 2005-60 pertains to  
3 supplier licensees Esco  
4 Communications and Paltronics, Inc.  
5 Esco was issued a temporary  
6 supplier's license on March 23rd of  
7 this year, and Paltronics was issued  
8 a temporary license on April 21st.  
9 Complete background investigations  
10 have been done and there has been no  
11 derogatory information uncovered;  
12 therefore, Commission staff  
13 recommends you issue permanent  
14 licenses to these companies.

15 MR. CALLOWAY: You heard the recommendation  
16 regarding Resolution 2005-60  
17 regarding the permanent, renewal of  
18 the permanent supplier license for  
19 Esco Communications. Are there  
20 questions?

21 MR. FESKO: Can you clarify the word permanent?

22 MR. CALLOWAY: Would you clarify the word  
23 permanent?

24 MS. BRODNAN: Yeah. These companies were issued a  
25 temporary supplier license earlier

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1 this year based on preliminary  
2 investigations, and now the  
3 background investigation unit has  
4 completed the entire investigation so  
5 now they're receiving a permanent  
6 license.

7 MS. ROSE: But permanent license is that they  
8 don't have to come to try to --

9 MS. BRODNAN: They still have to renew it every  
10 year, right.

11 MS. ROSE: So it's a permanent three-year  
12 license.

13 MR. FESKO: To clarify, it's a permanent  
14 three-year license?

15 MS. BRODNAN: It's a permanent one-year license.

16 MR. ROBINSON: We were just discussing the  
17 statement in executive summary that  
18 Paltronics is not a certified MBE or  
19 WBE and Esco is not a certified MBE  
20 or WBE.

21 MS. BRODNAN: That's correct.

22 MR. ROBINSON: Okay. Esco and Paltronics is not a  
23 certified MBE or WBE.

24 MS. BRODNAN: That's correct.

25 MR. ROBINSON: We were just commenting. I haven't  
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seen that on the summary before and I was just wondering what that entails.

MS. BRODNAN: We put it in at the request of, I believe it was Ms. Rose, who wanted information about what types of services these companies provide and if any of them happen to be a certified minority or women-owned business, which the boats are required to spend their money with. So we put that in just for --

MR. ROBINSON: That's appropriate, but what I'm asking is, what certification -- what does that entail?

MS. BRODNAN: They're required to get certified as either an MBE or WBE with the Department of Administration. They have a certification process that they go through to get applications. And that agency certifies them as such, and then we recognize that as the valid state certification.

MR. ROBINSON: And the timing on that is what?

MS. BRODNAN: For them to do that? It's at 22 weeks now, I believe, for a company





1 to get certified.

2 MR. CALLOWAY: At one time --

3 MS. BRODNAN: At one time it was very, very long.

4 MR. CALLOWAY: They may have improved it by now,  
5 but it used to be forever.

6 MALE SPEAKER: What we've also done is if one of  
7 the licensees tracks with a certified  
8 company whose certification has  
9 lapsed, we've entered a policy of  
10 allowing them six months -- three  
11 months?

12 MS. BRODNAN: Three.

13 MALE SPEAKER: -- three months, by which the  
14 company needs to be recertified. And  
15 if that company does that, then we  
16 will count that on their quotas for  
17 our goals.

18 MR. VOWELS: So what this is telling us is that  
19 Esco is not minority controlled and  
20 not women controlled, and neither is  
21 Paltronics?

22 MS. BRODNAN: They're just not, no.

23 MR. VOWELS: It isn't that -- they just haven't  
24 filed for it?

25 MS. BRODNAN: Right, they haven't done anything to  
45



1 date, no. They're just not, I  
2 mean --

3 MR. VOWELS: Not that they can't, they're just  
4 not --

5 MR. ROBINSON: When you read that, it's not clear.

6 MS. BRODNAN: Right. No, it's nothing bad, they  
7 just don't happen to be either.

8 MR. CALLOWAY: Okay. Any other questions  
9 regarding. Resolution 2005-60? If  
10 not, we will entertain a motion to  
11 accept the staff recommendation.

12 MR. VOWELS: I'll move to grant a permanent  
13 supplier's license, accept the  
14 staff's recommendation.

15 MALE SPEAKER: I'll second.

16 MR. CALLOWAY: Move to second. All those in favor,  
17 let it be known by a vote or sign of  
18 aye.

19 (Board signifies unanimous ayes.)

20 MR. CALLOWAY: Those opposed? Ayes have it in this  
21 case.

22 MS. BRODNAN: Resolution 2005-61 pertains to the  
23 request of PDS Holding Company, Inc.,  
24 which is the parent company of  
25 supplier licensee, PDS Gaming



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Corporation, for approval to transfer an ownership interest.

PDS received a temporary license in 1998.

In April of this year, they submitted a transfer application.

A personal disclosure form was submitted by an individual named Jess Ravich. PDS and Mr. Ravich entered into an agreement whereby Mr. Ravich made a loan to PDS Holding Company, Inc., in exchange for a note.

Whereupon receipt of all regulatory approvals, he will be able to exchange that note for a 25 percent equity interest in PDS Holding Company. A background investigation on him has been completed and it has been determined that it is suitable for licensure, and the Commission staff would recommend you approve the transfer.

MR. CALLOWAY: You heard the report on Resolution 2005-61, a resolution concerning the request of PDS Holding Company, Inc.,



1 the parent company, to hold a  
2 supplier license, PDS Gaming  
3 Corporation to transfer the ownership  
4 interest. Are there any questions?  
5 If not, the Chairman will entertain a  
6 motion to accept the staff  
7 recommendation.

8 MS. ROSE: So moved.

9 MR. FESKO: Second.

10 MR. CALLOWAY: It's been moved and seconded. All  
11 those in favor, let me know by a vote  
12 or sign of aye.

13 (Board signifies unanimous ayes.)

14 MR. CALLOWAY: Those opposed? Ayes have it. It's  
15 carried.

16 Riverboat owners matters are Phil  
17 Sicuso.

18 MR. SICUSO: I believe we're going to wait to vote  
19 on these resolutions until after the  
20 presentation by Majestic Star and  
21 Trump.

22 MR. CALLOWAY: Okay. The presentation of the  
23 Majestic Star by the CEO, Mr. Don  
24 Barden.

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





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Members of the Commission,  
Mr. Director, staff, thank you and  
I'm delighted to be here this  
morning. Very excited.  
I do want to just say, though, that  
as most of you know, I'm from the  
City of Detroit, and I want to  
mention it's the home of the only  
undefeated MBA team.  
Having said that, I also recognize  
I'm in Indiana, home of the  
undefeated Indianapolis Colts and  
participant in Super Bowl 40, which  
is to be held in Detroit. So I look  
forward to seeing you all in Detroit  
for Super Bowl 40 as my guests.  
The Lions will not be there, they are  
holding back for Super Bowl 60 or 70.  
This is an exciting day for me and  
for our company, and we're here to  
seek your approval to acquire one  
hundred percent of the capital stock  
of Trump of Indiana.  
Trump has been a good neighbor. I've  
enjoyed the relationship with Don



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Pickus, I saw him last night, has been with this project from the inception. He's been very cooperative, and there are a lot of good people in the Trump organization.

So on one hand I'm sad that we'll be losing that relationship, on the other hand, I'm very happy.

With the experience that we've had, especially my personal experiences with Don. It's been quite a learning experience, and I will treasure meeting with him and talking to him and learning from him. He is quite a consonant businessman and very positive mentor on just about everything that you can imagine.

In fact, when we had breakfast in New York to negotiate this transaction, we were eating in the cafeteria in the basement of his building. And Don is a very positive thinker, puts a positive spin on everything. To even, while we were having breakfast



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he said, aren't these magnificent eggs. He also said that the toast could probably be a cure for colon cancer. So that's been quite a experience.

This acquisition will take Majestic Star and the City of Gary a step closer to realizing the vision of developing Buffington Harbor into a destination resort and convention area. The Majestic Star and Trump Indiana results in the largest number of gaming positions in the Chicago landmark. It will also have the largest developable acreage in the market with 327 prime waterfront acres.

When we first arrived on the scene, this is what that site looks like. It was a desolate industrial wasteland. After many months of negotiations and convincing the City of Gary that this site was much superior to the other alternative that Gary was pushing on the old U.S.



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Steel acreage to the east of the site and, unfortunately, we had negotiated a \$10 million purchase for the 300 acres.

The Gary City fathers did not want us to proceed unless they were in control, so we relinquished that control for them to negotiate, and that site ended up costing us \$50 million. Nevertheless, it's there.

One year later, you'll see what we did. Working cooperatively with Trump and their folks, tore down many of the industrial buildings from this section, put the resurfaced parking here, Trump's hotel was constructed here.

We improved the harbor by putting in break walls. We put in new thoroughfares and driveways and parking areas with access to the site, and spent over a hundred million dollars for the site for our gaming complements, which at the time





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was designated as temporary.  
Ten years later it's still temporary because with the unique nature of having two competing entities in one location, neither one wanted to do improvements and investments where the other benefits without contributing.

So we, on many occasions, cooperated with our common facilities here, but it was difficult to get a consensus on making improvements with respect to growing the property in the management revenue base.

Over the past ten years, while Trump and Majestic owned these hundred acres where this parking lot is in this area here (indicating), Majestic Star spent an additional \$25 million to acquire the remaining properties, almost 200 acres, in this area (indicating) for future development, and this area for future development (indicating).

We also sold back, my development



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company, some ten acres, I believe,  
back to the Majestic/Trump  
Partnership so they could have  
control of the site and build a  
parking garage at that location, and  
also make sure that we had control of  
our future and our destiny by owning  
all of the property surrounding our  
facilities, in hopes that one day  
there will be a single owner. And  
I'm proud to say we hope that that  
single owner is us.

We have already commenced a master  
plan of the location of the site,  
we've engaged a master planner, we've  
done all kinds of conceptual  
drawings, both with one owner and  
with two owners. So we've always  
been in the position to be able to  
move forward and to realize our  
dreams on whatever situation existed  
at the time when the opportunity  
arose.

We've been talking to the City of  
Gary for quite sometime about a



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convention center. They are committed to assisting with constructing and building a convention center. We're committed to building a hotel that will have exciting new dining and entertainment venues located at the site. With these 327 plus acres, there will be other commercial opportunities where we'll invite other developers to come in and other folks who want to locate at our venue. We just think this opens up a world of opportunities for a wealth of additional employment, additional taxes, both for the State of Indiana and for the City of Gary. Right now I'd like to turn over this portion of the program to Jim LeFreshe, who's our vice-president of corporate development, who has been overseeing the activity and the expansion and the growth that has occurred in our facility, to give you an oversight of what has occurred and



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what we're planning. Jim.

MR. LefRESHE: The commercial appeal of the site is obvious to those who I've been talking to about entertaining or having their establishments on the property. With 327 acres or more property gives us a lot of freedom to provide a good quality location, a location -- providing a good quality location for their particular interests, and of course it provides the best access possible.

Access, location and property is an irresistible appeal.

I wanted to speak briefly about three commercial enterprises that we've been talking about recently. The first one being over the last couple of months, four months, to be exact, we've had several discussions with a medical facilities operator, and they fell in love with the site. They actually looked at about ten other sites, all within Northwest Indiana.

And it was clear that the access that





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we were providing and the flexibility of where we could put their facilities, was very appealing. Because they do want a lot of property and we do have the property to provide. But they're looking at providing a campus of facilities, which really forms a complex of properties, which would include things like family practice, outpatient facilities, and other extended care facilities. So this is a pretty significant opportunity for us, and we plan to exploit that opportunity because we think it fits within our long-term goals. They will be serving not only local, but regional families as well. We've also had open discussions with two museum operators, and although that sounds like a conflict, each of these museum operators will actually offer different and exciting things to families and adults to come to the site. We think it will generate a



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lot of extra foot traffic to the site.

One of these facilities is a hands-on interactive center, which is unique to Northwest Indiana, and that will attract a different demographic than of course what's being attracted to the site currently. So we're very excited about that. And both of these museums will be themed on little community, the Great Lakes, local industry and local history. The other museum will be focused on nautical events, so we'll have events surrounding things that are closest to the water, which includes sailing clubs and learning more about boat sailing and things like that.

The long-term goal here is to phase in, in the following phase, a reverse housing stock. We realize it wasn't the first thing that can go in, but it certainly is something that we want to put in as quickly as possible. And it would include a



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fairly diverse selection of housing stock, including single family, high and low density housing, condominiums, and certainly marina condominiums, where we would probably combine an marina slip with a condominium, which would make us a, which will be a huge draw, as every mooring in the area is sold out. So we think the combination would be irresistible.

We also think that an RV park would work well here. Maybe not real close to the water, but we do have the property for it. And there will be a lot of the linkages in around and through the residential areas so people in the residential areas have immediate access to the water site. The greatest asset that we're focusing on here, both the City and us recognize, is the Great Lakes, closest to the water. We want to take advantage of that, and we plan to exploit that with some of our



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recreational activities.  
And one of the things that we're collaborating on is an 18-hole championship golf course. The golf course is something that would, that can fit on the property that we've got, but we're also working closely with the City to discover whether or not we can work on some adjacent properties.

MR. BARDEN: Just to expand on that, it's more than a discovery. We've been in negotiations for the last two years with U.S. Steel, which will contribute 200 acres to this project, and Nibsco, which would contribute another hundred acres. So we're really talking about over 600 acres when you take in and factor in everything over the next decade.

MR. LefRESHE: As you can see from the picture, the Nibsco property is contiguous. It's right adjacent to our property, right there (indicating), and the U.S. Steel property, it is contiguous and





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right beside the Nibsco property. We think that somewhere in this area is a wonderful opportunity for a championship golf course that would be on the water side, which I think everybody would love to play at. Those areas are also perfect places for a water park as well. We are expecting that the City will move forward with its recreational marina, which is in the next slide. We can show that. See this area right here (indicating).

MR. BARDEN: I remind you these are concepts, we have different concepts. Now we will -- can you go back to that a moment, Jim? We'll be modifying -- you can see where the marina is on that one slip. That was the current plan. Had we not reached an agreement with Trump, this is one concept that we would have utilized. Now we're going to go and refine all these different concepts that we had.



1 That marina that you see to the east  
2 of our boat could be flipped. Our  
3 boat could moved over, or both boats  
4 moved over to that section so that  
5 they will have direct access, pretty  
6 much as you have right here with an  
7 in port to share, to enter the  
8 vessels, as well as the hotel area.

9 MR. LeFRESHE: And I should say, too, that this is  
10 phase 1 of the city's desire for its  
11 ultimate marina.

12 Show where the convention center will  
13 be. On this side of the convention  
14 center, is front and center. It's  
15 about 135,000 square feet, and  
16 there's a hotel next to it of about  
17 300 rooms.

18 We also plan to exploit the closest  
19 of the lake by expanding on this area  
20 right here (indicating).

21 The second phase of the City's arena  
22 may be targeted for this western  
23 area, a much larger marina of about  
24 300 slips. But most exciting with  
25 that, there's a long beach here



1 that's virtually unused that  
2 stretches all the way to East  
3 Chicago, and that's another huge  
4 benefit that we have of this site.

5 MR. BARDEN: One major impediment to that being  
6 reality, of course, is that E & J  
7 Railroad tracks that services U.S.  
8 Steel to the east and Isbad  
9 (phonetic) on to the west -- point  
10 that out, Jim -- that will have to be  
11 relocated over to the other side of  
12 the property so that then we have  
13 access for development. Show them  
14 where it will be relocated, Jim.

15 MR. LeFRESHE: It will be relocated to right down  
16 here (indicating).

17 MR. BARDEN: Okay. Thank you. So, therefore,  
18 we'll have clear access all the way  
19 to the lakefront for redevelopment  
20 purposes.

21 We had some discussions with E, J &  
22 E. We also brought on board a  
23 railways specialist to give us a  
24 feasibility on actually moving the  
25 railroad. And in my meetings with E,

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J & E, they want to move the railroad as quickly as possible because it gives them a tremendous operation of efficiency that they do not have now. They're able to get rid of a couple of crossings that interfere with their service. They're able to lower their maintenance. And last but not least, they have an opportunity to sell surplus property. The property that they have is 300 feet wide and all they need for two tracks is a hundred feet. So there's many things which they want to -- many reasons for which they would enjoy moving and they told us they want to do that, the sooner the better. They don't lose any trackage, they don't lose any storage areas, and it seems to work well for us.

Also working with the City on infrastructure items. The first phase of the access road that we've been working with the City on has been completed. This is a





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five-phased access plan. And the next phase is going to be let in December of this year. And with that access road phase 2 plan, we'll be able to then bring in and start constructing properties or facilities in that new area. Now, if I could show you that slide.

This whole area then becomes open for development once the access road, the next phase of the access road is developed.

I want to speak for, just briefly for the benefits that we see converting to the City and to the State.

We expect that the construction development cost of 300 plus acres, maybe even higher, will probably exceed 400 million dollars. And with that, we expect that there will be, surely in excess of a thousand jobs that will be generated from that. We haven't done our economic impact study on that yet, but having done similar projects before, we know it's



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going to be a huge hit for  
construction jobs.  
When these facilities come on line,  
each one of them, of course, will end  
up with having a requirement to  
provide permanent full-time jobs,  
high quality jobs for those who will  
be working in the various  
assignments.  
If I could just, on this one  
particular index talk about a few  
items. The venue that you see  
represents only about 50 acres of the  
327 acres that we've been talking  
about. And I mentioned the hotel  
right there on this particular slide.  
And in the background, that is a live  
entertainment venue, and although we  
haven't finished our feasibility on  
it yet, it could be a fine arts  
theater or could be a, as you see it,  
an amphitheater of sorts, but we  
wanted to expand on our experience  
that we've had with our festival part  
and feel that there's a demand for



1 that type of thing, and think it's  
2 the right thing for the property.  
3 On the next slide, which is an aerial  
4 lookdown view, it has all the same  
5 facilities there. There's the  
6 convention center, there's the hotel.  
7 But what the slide shows best is that  
8 there's a public promenade from one  
9 end of the property, along the  
10 lakefront, and actually continues  
11 onto the left of the page, but  
12 there's a direct entrance to the  
13 vessels, and all this would be in a  
14 partitioned area, the customers will  
15 have immediate access to the hotel  
16 and convention center, all linked  
17 together. And eventually this will  
18 travel, or be extended to the west,  
19 all the way along that beach area.  
20 I think with that, I'd like to pass  
21 it over to our vice-president and  
22 general manager of the Majestic Star  
23 Casino, Barry Morris.

24 MR. MORRIS: Thank you, Jim. Nice job, Jim, thank  
25 you very much.



1 Mr. Chairman, members of the  
2 Commission, Executive Director  
3 Yelton, members of the staff, ladies  
4 and gentlemen, what an exciting  
5 project that is. And the fact that  
6 so much planning has gone into it, is  
7 one factor in my decision to join  
8 Majestic Star at this very exciting  
9 point of their expansion.  
10 My role, though, over the next couple  
11 of years, will be to take best  
12 advantage of the existing footprint  
13 that we have. So the next five  
14 minutes I'd like to spend just  
15 explaining how we plan to take best  
16 advantage of our current operation.  
17 I will touch on our current layout,  
18 talk a little bit about our  
19 integration plan, talk about player  
20 tracking, expansion of the current  
21 restaurants and hotel, and talk a  
22 little bit about our near term  
23 capital plans.  
24 Let me see if I can work the  
25 technology. There you go.





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Our operation overview at the moment, as you know, we have two vessels on this footprint. Majestic Star is a spectacular vessel. I would say those of you who walked through it would acknowledge that it has the highest ceilings, beautiful atrium. It's a testament to Mr. Barden's vision and entrepreneurial spirit that he went out and designed a spectacular boat.

The Trump vessel, in its own way, is an equally attractive casino. Not many folks would know, but it is the same footprint as the Empress Horseshoe boat in Hammond, which is a vessel that's proven its ability to drive significant revenue. So we're very excited we will be taking possession of a good, strong casino layout.

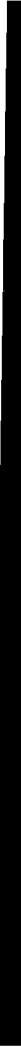
In addition to the boat casinos, we will also have unlimited access to a buffet, a food court, delis on both vessels, some entertainment space,

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and last but not least, the hotel,  
which is an amenity that's been  
underutilized because of those  
competitive pressures between both  
casinos. And we're anxious to move  
forward with that project.  
I'll spend a moment just talking  
about our integration plan. We  
recognize both vessels are  
significantly different and yet, as I  
mention, compelling in their own way.  
The overall theme behind this project  
is going to be one brand and two  
choices. We intend to position the  
Majestic Star to attract to one part  
of the gaming market, and the Trump  
vessel, which will become Majestic 2,  
to another aspect of the market.  
If I could touch on Majestic Star for  
a moment. The plan for that vessel  
is to put the majority of the table  
games on that vessel on the lowest  
level. So as our guests enter on  
level two, they'll approach the  
atrium, look down over the atrium,



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and just see a big table game pit stretched out before them. And it will really just act as a very inviting vista for them to go get stuck in and see if they can beat us. And I really believe that that whole view of the table game operation will grow what has really been a little bit difficult part of the market recently.

The rest of the vessel will be given over to a high-level slot offering. We have a really attractive high-level slot area on deck two, which is adjacent to the VIP lounge. It's our near-term intention to take about a hundred games off that vessel, try and create some wider aisleways, just so there is freer access and egress throughout the vessel, and just in general opening up a little bit.

On the third deck we have a sports bar. It will continue to focus on broadcasting live sporting events,



1 offer tailgate food, moderately  
2 priced drink specials. We're looking  
3 to create some action and activity  
4 and energy on that floor of the  
5 vessel.

6 And then one other facet of the  
7 operation there is to finish to grow  
8 our entertainment offering. In  
9 recent months, an entertainment venue  
10 was opened on the Majestic Star. It  
11 has a stage, sound equipment. We  
12 have live regional acts playing there  
13 Friday, Saturday and Sunday day.

14 It's really been quite an addition to  
15 the vessel, and we hope to grow that  
16 in the future months. Entertainment  
17 is a component that in that market  
18 has been underutilized and I think it  
19 represents a pretty strong  
20 opportunity for us there.

21 Moving over to the Trump vessel for a  
22 moment. We believe we have an  
23 opportunity to create something in  
24 the market that nobody else has, and  
25 that is an entire floor of the vessel





1 given over to a nonsmoking gaming  
2 environment. We're anticipating  
3 putting ten table games on the bottom  
4 floor of that vessel. The reason  
5 we're picking the bottom floor is  
6 because we all know smoke rises. So  
7 if we put the nonsmoking floor on the  
8 bottom level of the boat, there will  
9 be no access to smoke and nonsmoking  
10 guests won't have to walk through any  
11 smokers at all.

12 As I mentioned, we will have 10 table  
13 games in that area: Craps, roulette,  
14 blackjacks and other carnival games.  
15 And in addition, we will have the  
16 thorough offering of all the best  
17 latest and greatest TITO slot  
18 machines.

19 So what we're creating, in essence,  
20 is one deck, a microcosm of a big  
21 casino, something for everybody, and  
22 we intend to position that floor as  
23 something that nobody else can offer.  
24 We all know -- well, we might not all  
25 know it, but nonsmoking gaming has



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been a point of controversy in recent years because a couple of jurisdictions have introduced nonsmoking, and their revenues have gone down a little bit. But in our case, we're going to offer a choice, so the nonsmoker can have access to a full casino whereas the smoker continues to be catered to. So that, I believe, is a really nice niche for us to inhabit.

Additionally -- excuse me.

Additionally, in recent months poker has really taken off and has become a very, very strong component of the gaming industry.

Trump is very smart. In the last six months they opened the biggest and best poker room in the market, it's on the fourth deck. Twenty-one tables of poker. We intend to continue to capitalize on that one and focus on doing some midweek tournaments, and just drive incremental revenue through that



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venue.

We will create a small video poker parlor, and then the rest of the boat will be given over to a thorough mix of TITO slot machines.

When our integration is complete, we will have a hundred percent TITO offering, the largest single gaming offering in the Chicago land market. And I believe that as our guests walk down the aisleway and they approach our two vessels, they will have a clear choice, do I want to go right, to the more high-end elegance on Majestic Star, or do I want to go left and have access to a nonsmoking poker-oriented casino. With a choice, by the way, of if Lady Luck is not running too strongly on one vessel, there's an option of going over the aisle to another casino and having another go and trying to see if we can turn our luck. So that is the concept between those two vessels.



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On the land side operation, as Mr. Barden indicated a little bit earlier, there's been some reluctance to invest in the land side operation, simply because no one operator was assured that the money that they put into the project would give them a sole return.

Now we acknowledge that the restaurants which have been an underutilized amenity, can become a driver for some incremental business. Our buffet is a well-positioned buffet; however, because of the competitive issues, it's operated by a third party.

It's our intention to move ahead and take that operation in-house and start to use the food and beverage operations of the land side operation as a full amenity to the gaming operation as opposed to being a sideline operated by somebody else. As Jim has indicated, there are some pretty strong plans to develop the





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entire footprint, but while we are  
conceiving of the plan and executing  
that plan, there are a couple of  
steps that we need to continue to be  
on focusing on locally and making the  
best advantage of what we have.  
And I would say that the hotel  
represents a great opportunity.  
Currently it runs with modest  
occupancy. Again, because whoever  
the guests are in that hotel, no one  
can be assured that they will go in  
one casino and not the other.  
It's our intention to move occupancy  
up to 90 percent, and we will fill  
the hotel with good gaming-oriented  
guests.  
We intend to grow our entertainment  
offering, and as Mr. Barden  
indicated, continue to focus on the  
road offering.  
So as you can see, we have a good,  
strong plan to enhance the current  
operation. I believe that our  
operating plan is a realistic plan



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and it can lead only to greater things in the future. So I'd like to close with one reference to our mission statement, which is, we are committed to providing an entertaining gaming experience for our guests and enriching work environment for our team members. And we know we are going to have a good relationship with our community.

Thank you. I'll hand off to Mr. Barden with some comments. Thank you, sir.

MR. BARDEN: Thank you, Barry.

MR. CALLOWAY: Any questions at this point?

MR. FESKO: Yes. Gentlemen, I'm very, very concerned about -- in your proposal, on the commercial section it says, "We have opened significant discussions with a medical facilities operator."

Would you explain that and define that a little more to us? Is that going to be one of these boutique or



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specialty hospitals that you're negotiating with?

MR. LeFRESHE: I think it will be a facility that will offer a very wide range of services to both local and regional families.

MR. FESKO: Well, there's a difference now between a clinic and a hospital where you actually have people staying, patients staying, and I would like to know that.

And I'm going to tell you why, let me explain. We have two at-risk hospitals servicing East Chicago and Gary, and any new facility of this kind will probably put these facilities out of business. And I think that we have to be very sensitive to that. Both hospitals are operating in the red year after year, they're being subsidized by the taxpayers of Lake County now through the ACI funding mechanism. And we don't want to jeopardize these, they're servicing a lot of people, a



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lot of low-income people, and we don't want to, ever want to jeopardize these to maybe enhance your own position. So I think you need to be very sensitive and very considerate and revisit these folks if they are going to have patients staying there at that facility.

MR. BARDEN: And I can assure you, sir, that if that's the case, it won't happen.

MR. FESKO: Thank you.

MR. BARDEN: And we will investigate the matter and analyze it, and we'll get back to you before we make any decision.

MR. FESKO: I'm sure if you'll talk to the mayors of these two facilities that they will point out they will also reinforce what I'm pointing out. Thank you.

MR. BARDEN: We will assure you of that, there's no worries. In summary -- and then I'll open for questions. I just want to summarize quickly that the Trump of Indiana





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acquisition is a perfect strategic fit for our company. It benefits us, it benefits Trump. It will enable Majestic to unlock value, value of our real estate assets. We have a proven management team, as you can see. We've been a good neighbor, we believe. We've been a good corporate citizen for the City of Gary, and been a good citizen for the State of Indiana.

We think that this acquisition is beneficial to all parties. And I personally want to, in conclusion, thank the State of Indiana and the Gaming Commission for providing me with the opportunity 10 years ago to enter this industry.

We've come a long way. I'm licensed now, just last week approved in Michigan, in five jurisdictions. This will make our fifth casino. It all started right here in Indiana. Thank you very much for that. I'm very grateful.



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And we'll entertain any additional questions you have at this time.  
Thank you.

MR. ROBINSON: Mr. Barden, is there anyone that told you today, from the City of Gary or Honorable Scott King's office -- is there anyone here from the City?

MR. BARDEN: The Mayor said he would have come had it been requested. He sent a letter, I believe.

MR. ROBINSON: He did.

MR. BARDEN: Did you receive it?  
The Mayor and the City of Gary, we've been working hand in glove for years. I've spent many hours -- we've contributed many professional consultants to do studies, economic studies, feasibility studies on their behalf for their convention center, et cetera. So the City is very supportive of this and very excited about it because this is an opportunity to reclaim the waterfront, to turn that industrial area back to the people and to the



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public so that they can have access  
to nature's beautiful lakefront.

MR. ROBINSON: The correspondence the mayor sent  
reflects that. I was just curious if  
someone was here.

MR. BARDEN: I don't think so. I did not request  
it.

MR. VOWELS: Mr. Barden, one of the concerns on  
its face was the reduction of jobs by  
consolidation. There will be some  
loss of jobs because of this; is that  
correct?

MR. BARDEN: That's right.

MR. VOWELS: Okay. And correct me if I'm wrong,  
it's somewhere about 400 jobs or,  
more or less.

MR. BARDEN: In that neighborhood. We have not  
done a precise analysis as yet, but  
we have engaged a professional --

MR. VOWELS: My question to you: We do have this  
letter from Scott King, the Mayor of  
Gary, and it says, it's addressed to  
the Executive Director Mr. Yelton,  
dated November 8, 2005. And it says,  
"By this letter, I express the City



1 of Gary's support of the proposed  
2 acquisition by Majestic Star of the  
3 Trump casino property of Buffington  
4 Harbor.

5 And my question would be, clearly  
6 he's in support of what you're asking  
7 for here today, and I would assume  
8 that the Mayor was aware that there  
9 would be a reduction in jobs by the  
10 consolidation; is that fair to say?

11 MR. BARDEN: Absolutely, he was the first person I  
12 told.

13 MR. VOWELS: So even though that's happening, the  
14 City of Gary is --

15 MR. BARDEN: Yes. They understand that we have to  
16 make some short-term sacrifices for  
17 the long-term opportunity that exists  
18 here.

19 MR. ROBINSON: When you said a thousand jobs,  
20 approximately, is that net of the 468  
21 or we're -- losing a thousand jobs,  
22 that's net of the current existing  
23 jobs on the two boats?

24 MR. LeFRESHE: I think I was speaking of  
25 construction jobs.





1 MR. BARDEN: No, that's not net, that will  
2 probably be gross.

3 MR. ROBINSON: I didn't know if that means -- You  
4 were just referencing construction  
5 work?

6 MR. VOWELS: I think you've got -- You have the  
7 Fitzgerald property in Tunica; is  
8 that right? Did any of the  
9 hurricanes do damage?

10 MR. BARDEN: No, Mr. Commissioner, we're on the  
11 other side of the state, to the  
12 north, near Memphis. So we  
13 fortunately did not have any damage  
14 to our places, except for a little  
15 rain.

16 MR. NEWMAN: I have a question. My name is Scott  
17 Newman. I'm the newest commissioner  
18 here, and I have not lived through a  
19 lot of the history that you described  
20 and I want to congratulate you on  
21 being apparently a good neighbor and  
22 a good corporate citizen, just as you  
23 say, and I think that is shown. And  
24 the fact that you remember that it  
25 started in Indiana, we appreciate it,



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and I think it shows the  
ambitiousness of your plan.

I am curious whether Lady Luck can  
visit both casinos at the same time,  
but a lot of folks will find out, I  
suppose.

I hear you to say that, you know,  
there's going to be some economies of  
scale in combining these operations,  
and the loss of some jobs will be  
administrative in nature in part or  
primarily; is that correct?

MR. BARDEN: Probably go a gambit across the board  
where there's duplication and  
redundancy.

MR. NEWMAN: Okay. So the short term and -- the  
efficiency that's created results in  
some short-term job losses in  
duplication between the two entities,  
and some percentage of that is  
administrative or white collar?

MR. BARDEN: Yes.

MR. NEWMAN: Do you have an estimate what  
percentage we're talking about would  
be administrative or white-collar



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jobs?

MR. LeFRESHE: In terms of the white-collar jobs, we have some duplication of executive management. There's 11 directors on each team, and we anticipate that there will be significant redundance in that. I would say about, somewhere in the region of 40 to 60 white-collar jobs will be eliminated.

MR. BARDEN: We don't want to have -- you know, it's just before the holidays, I'm very sensitive to that, people's families, and no, we're not going to do any layoffs or identify positions, who's going or who's not going. We want people to have a happy holiday season so their families are not affected. Come out with a plan the first part of the year that will take into consideration the well-being of each family, and we will work with the new facility in French Lick to try to place some folks there, if they're interested, and try to place them in other locations. And they



1 will be the first on the list when we  
2 start to ramp up and develop our  
3 facility, to call back for other  
4 opportunities that will exist at that  
5 location.

6 MR. NEWMAN: And as I understand, you are planning  
7 and executing things largely in  
8 hiring freezes, but not -- where you  
9 can, to minimize, I assume, the  
10 impact of that.

11 MR. BARDEN: That's right.

12 MR. NEWMAN: The long-term job gains that you  
13 forecast spin off this larger picture  
14 of enlarging the pie and creating a  
15 more viable, more competitive,  
16 combined operation; is that right?

17 MR. BARDEN: That's right.

18 MR. NEWMAN: Does that include -- this includes  
19 construction jobs and the jobs that  
20 will occur after?

21 MR. BARDEN: I think he was talking about -- when  
22 he mentioned a thousand construction  
23 jobs, we don't directly know how many  
24 permanent jobs, but I'm sure it's  
25 going to be several hundred permanent





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jobs as we develop through the years with all the various facilities that we're contemplating.

MR. NEWMAN: And are you developing all of those yourself? Does the plan call for you to do that or how much of that --

MR. BARDEN: Most of it will be done by us, by Majestic, and some of it will be done by Barden Development or Barden Companies, which is a separate entity, and some of it will be done by third parties, developers, some by perhaps the City, as you know, with the marina and the golf course, the convention center. So when you put all of these together, you have a very viable project.

MR. NEWMAN: And how confident are you that you can execute? These plans are certainly ambitious and they're great and you can be congratulated. I assume, I don't see guarantees in here that they will occur or what will happen if they don't occur. How confident are you today that



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this --

MR. BARDEN: Well, I'm very optimistic and I'm very confident. Of course, the only caveat to is that is that the City and others, who are partners in this, do their part on a timely fashion and that the world and the economy does not collapse.

MR. NEWMAN: So what is the greatest single contingency that you're looking at to insure the success of your plans? What do you need to happen?

MR. BARDEN: We need for the infrastructure, which the City has committed to and is underway and they're awarding the next phase of it next month, they've been a full partnership participant, we need that to happen. We need to get the transaction finalized as quickly as possible so we can start integrating the two properties. And we need to change perhaps some marketing strategies to attract more people to the site. Now we can do that. When people see the site, you



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know, Gary has a negative image in some quarters. We want to change that permanently to let people know that although this facility is in the City, within the City limits of Gary, it's not downtown. That it's a safe, clean, friendly environment, and with a lot of diverse activity. And we think we're going to accomplish that. And as we do that, you'll get additional investment, you'll get additional visitation to the site, and it will just feed on itself. And I'm very optimistic and confident that that's going to happen, that's, you know, putting a lot at stake here in terms of my net worth. I'm not a public company. I own a hundred percent of this company. So that's my guarantee, is my risk of my fortune.

MR. NEWMAN: The accountability is impressive. The last question that I have is just to educate me. What do you see happening in the marketplace



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competitively with the folks that you're competing with, that this allows you, this combination allows you to better compete. What is it about what's occurring, what's your forecast?

MR. BARDEN: We have more competitors, resorts in Horseshoe. I hope they stop marketing and close early, but they're not going to do that. So we'll have some healthy competition there.

And I think this will enable us, once we make some improvements and some investments on what we're doing there to be more competitive with them. We certainly, and I don't want to reveal some of the things we're going to do to be more competitive, but we will be competitive. And I think you'll have three healthy locations in Northwest Indiana in terms of riverboat gaming and people will have three handsome choices.

MR. NEWMAN: Thank you, I appreciate your --





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MR. BARDEN: Thank you. Do you have any other questions?

MR. CALLOWAY: Thank you, Mr. Barden.

MR. BARDEN: Thank you, Mr. Chairman, Commissioners. Thank you, staff. Thank you, director. We appreciate your consideration.

MR. CALLOWAY: Do we have any comments from Trump Indiana? Mr. Pickus.

MR. DICKUS: I just want to be sure if it was a good morning or a good afternoon. I believe it's afternoon, if my clock is right and I'm in the right time zone, which I thought -- Good afternoon, Commissioners, Executive Director and staff. First, we would, of course, like to congratulate Don Barden and the entire Majestic Star organization for this acquisition. It's obviously an exciting opportunity we're giving the City of Gary and we wish it well, and fully support the request that he has made for the approval of the transfer here today.



1 I'd like to just take another moment  
2 for a few other comments. This  
3 event -- or I should the event that  
4 will occur about a month from today  
5 on the consummation of this  
6 transaction, will be in fact a very  
7 bittersweet one for Trump  
8 Entertainment Resorts. It will be a  
9 sweet one in that the proceeds from  
10 this transaction will give us the  
11 opportunity to strengthen and expand  
12 our existing core business in  
13 Atlantic City, which we have been on  
14 a path to correct and grow over the  
15 last year, will provide us those  
16 resources.  
17 It will, of course, also be a bitter  
18 day because we will be leaving the  
19 State of Indiana as a company. And  
20 when I say leaving the State of  
21 Indiana, I think that I principally  
22 mean the people in the State of  
23 Indiana that we have had the very  
24 distinct pleasure to meet and work  
25 with over the last number of years.

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One of the -- a few of those people include one of the -- couple of the first gentlemen that we met when we came to this state, Greg Hahn and Don Talbert, that have provided legal counsel to our company since day one. And Greg is sitting here with me today, even at this point in our life here. That group of people also includes the folks that I'm addressing today, and each of your predecessors who first commissioned and granted to us by unanimous vote the first riverboat license in the State of Indiana and the following Commissioners and the Executive Director, both current Mr. Yelton and his predecessors, to all his staff, Phil Sicuso and Jennifer Arnold have always been very supportive, and we appreciate that relationship. I'd also, of course, be remiss if I didn't mention the folks from the City of Gary, Lake County, who have always been supportive of our



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operation and development efforts that we have been maintaining through that relationship, including both Mayor King and Senator Rogers. And, lastly, the people that we will be leaving behind in the State of Indiana include the employees of Trump Indiana facility, who have been very dedicated, hard workers, and I'm sure will continue to perform that way under the direction of Majestic Star. Thank you very much.

MR. CALLOWAY: Any questions, please?

MR. YELTON: If I may exercise a point of personal privilege, it's been my honor these last 10 months as Executive Director to make the acquaintanceships and working relationships of some very amazing, ladies and gentlemen, and I think Mr. Barden is intimating this as well, at the top of that list would be Bob Pickus. And he's been a true gentleman and professional to work with, and while I'm pleased for Mr. Barden, I'm also saddened that





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our association and professional may be ending today.

MR. DICKUS: I appreciate those comments. Thank you.

MR. CALLOWAY: Bill?

MR. SICUSO: Commissioners, we have two resolutions to act on with regard to the Trump Majestic license transfer. The first is 2005-59, which concerns the proposed financing package of Majestic Star to fund its acquisitions of Trump. Specifically as laid out in the resolution, Majestic requests Commission approval to obtain up to \$285 million in debt, which shall be divided up between, among up to, among up to three charges of debt. While the specific amounts assigned to each charge have not been identified, nor have the specific interest rates been identified, this resolution does identify certain maximum interest rates which could be acceptable to the Commission, and they're



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identified clearly therein.  
The proposal by Majestic has been fully reviewed by our outside financial analyst, Dr. Charlene Sullivan, who has prepared a confidential report for your review and who has given a positive recommendation for the financing package.  
Resolution 2005-59 does condition Commission approval of the proposed financial package upon a review of the final documentation by Commission and staff. It also allows the Executive Director the authority to determine whether there have been any material changes to the terms as they have been presented by Majestic Star. Additionally, Majestic Star, pursuant to the recommendation of Dr. Sullivan, shall be required to report in writing on a quarterly basis to Commissioners' general counsel a combined net long-term debt to income ratio to ensure that it



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remains within an acceptable standard for the Commission. With that, I will submit 2005-59 for your vote of approval from the Commission.

MR. CALLOWAY: Have the Commissioners heard the report from Mr. Sicuso regarding resolution 2005-59, the resolution to approve the proposed financing package of Majestic Star Casino, LLC, for purposes of this acquisition of all of the stock of Trump Indiana, Incorporated? Are there any questions? If not, the Chairman will entertain a motion at this time.

MR. VOWELS: Just quickly. On the agenda there's reference to 2005-62, the transfer of ownership. Is that incorporated into 2005-59 that we received from this morning, or is that a separate resolution?

MR. SICUSO: No, they're separate.

MS. ROSE: I'll move to approve the financing package as submitted.

MR. CALLOWAY: There's a motion. Is there a



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second?

MR. VOWELS: I'll second.

MR. CALLOWAY: It's been moved and seconded that resolution 2005-59 be approved.

All those in favor, let it be known by a vote or sign of aye.

(Board signifies unanimous ayes.)

MR. CALLOWAY: Those opposed? Ayes have it.

MR. SICUSO: The second resolution is the actual transfer resolution, 2005-62. This would authorize Majestic Star Casino, LLC to purchase all outstanding shares of capital stock in Trump Indiana, Inc. Upon closing, Majestic Star would then own both licenses to own and operate a gambling facility in Gary, Indiana.

Majestic Star last underwent the full Commission background investigation and suitability investigation in August of 2004. Since that time they have maintained a level of suitability which is acceptable to the Commission, and they were last, had their license renewed in June of

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1 this year by this Commission.  
2 The Commission has been presented  
3 with recommendations favoring the  
4 proposed transfer by both Charlene  
5 Sullivan and the Mayor, again.  
6 Should you vote to approve the  
7 transfer, Majestic Star would be  
8 required to pay the \$2 million  
9 transaction fee mandated by IC  
10 4-33-4-21. The resolution also would  
11 require Majestic to pay its wagering  
12 tax liabilities pursuant to  
13 provisions of 68 IAC 15-5-1.5 that  
14 you just approved earlier today.  
15 Adoption of this resolution shall not  
16 constitute a waiver of the IGC  
17 authority and ability to resolve any  
18 outstanding disciplinary actions  
19 against Trump.  
20 With that, I would offer it for a  
21 vote.

22 MR. CALLOWAY: You heard the report from counsel  
23 regarding Resolution 2005-62, the  
24 transfer in lieu of ownership of  
25 Majestic Star -- Trump Indiana to

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Majestic Star. Are there any questions?

MR. VOWELS: This particular resolution makes reference to the transfer of the stock, but we're also transferring license?

MR. SICUSO: Yes, in the paragraph after you grant or denial line, there's a reference to license transfer and transfer of the stock.

MR. CALLOWAY: Any questions? If not, the Chairman will entertain a motion at this time.

MS. ROSE: May I ask another question, Mr. Chairman?

MR. CALLOWAY: Yes, ma'am.

MS. ROSE: Phil, can I ask you a question about -- just a process question? Does the statute allow -- and forgive my ignorance. Does the statute allow an automatic license transfer once you purchase an entity that holds a license?

MR. SICUSO: I don't think that's enumerated in the statute. Once you purchase all ownership interest then --



1 MS. ROSE: The license transfers with it? So  
2 the property interest in the --  
3 MR. SICUSO: Yeah, we're doing both in this  
4 resolution to enumerate that, to  
5 specify that. I think the assumption  
6 of the statute, once you own the  
7 company, you own the license.  
8 MR. CALLOWAY: Okay.  
9 MR. SICUSO: But this resolution, it doesn't say  
10 to both, the statute. This  
11 resolution indicates that both are  
12 occurring. Your approval of this  
13 resolution would do both.  
14 MS. ROSE: I understand that, I'm just trying to  
15 understand -- Don, do you --  
16 MR. VOWELS: No, I just know that the statute  
17 makes reference to you can  
18 hypothecate or use it as collateral  
19 in your license so. I think -- I  
20 guess our question here, Phil, is the  
21 resolution language, if we all pass  
22 away in the next year, will our  
23 successors know what in the world we  
24 were saying here?  
25 MR. SICUSO: I believe so. If you'd like it to be



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clarified, it's just -- you've read it, if there's something you'd like clarified, we can.

MR. VOWELS: Well, it's that very last paragraph, the adoption of this resolution and approval of license transfer, it makes reference to the license transfer in there. Is there something somewhere above in here that specifically says -- I guess what we want to do here is, if we approve the acquisition of the ownership of all the stock in Trump Indiana, we also want it to be clear that they're getting the license, just so there's not any legal ambiguity there.

And I guess my question to you is, I've read this, but I didn't read it with that in mind. Is there some language buried in here that just black and white says that, that the license may be transferred?

MS. ROSE: Paragraph two.

MR. SICUSO: Paragraph two says, the Commission's





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approval of the (inaudible)  
acquisition and license transfer  
shall be subject to --  
We can add language in other portions  
easily.

MR. VOWELS: But I guess one thing that could be  
done is just that the title of it  
itself concerning the application  
does require ownership of the stock  
and the license transfer of.

MR. SICUSO: Sure, okay.

MR. VOWELS: With that in mind, Mr. Chairman, I  
would move to approve Resolution  
2005-62 and grant this acquisition of  
the stock and the license transfer of  
Trump Indiana, Inc., to Majestic Star  
Casino, LLC.

MR. CALLOWAY: Motion?

MR. ROBINSON: I'll second it.

MR. CALLOWAY: It's been moved and seconded. All  
those in favor, let it be known by a  
vote or a sign of aye.

(Board signifies unanimous ayes.)

MR. CALLOWAY: Those opposed? Ayes have it.

MR. BARDEN: Mr. Chairman, may I impose on the



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agenda for a moment --

MR. CALLOWAY: Sure.

MR. BARDEN: -- to shake the hands of the  
Commissioner's and staff?

MR. CALLOWAY: What did you say?

MR. BARDEN: May I have a moment to shake the  
hands --

MR. CALLOWAY: Sure. Sure.

MR. VOWELS: And I made the motion to shake my  
hand.

MR. CALLOWAY: Disciplinary action. Ms. Wolf.

MS. BRODNAN: We have one disciplinary action  
before you today involving Argosy.  
The disciplinary action pertains to  
violations of rules regarding the  
Voluntary Exclusion Program.  
Riverboat licensees must have  
internal control procedures that  
ensure that voluntarily excluded  
persons do not receive check cashing  
privileges or extensions of credit.  
On September 29th, Argosy advised  
Commission agents that a patron  
attempted to obtain a credit advance  
and was denied after it was



1 discovered that he was registered in  
2 the VEP. The patron was escorted  
3 from the casino when he advised he  
4 had previously received credit card  
5 advances on the two preceding days.  
6 It was discovered that he received  
7 one advance on September 27 and four  
8 on September 28.

9 Due to these violations, the  
10 Commission staff recommends that  
11 Argosy will agree to pay a fine in  
12 the amount of \$20,000. A settlement  
13 agreement has been executed and the  
14 Commission staff recommends that you  
15 approve the terms of that agreement.

16 MR. CALLOWAY: I have the report from the staff  
17 regarding the settlement agreement  
18 with Argosy for \$20,000. Are there  
19 any questions?

20 MS. ROSE: Why was the fine so high?

21 MS. BRODNAN: What we've been doing with the  
22 voluntary exclusion program is  
23 looking at it as far as how many  
24 advances that they received. He  
25 received five advances, two of which

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1 were very closely timed. They were  
2 about a minute apart and so we  
3 considered that to be one, and it was  
4 viewed as \$5,000 for each advance  
5 that he received.

6 MS. ROSE: And I know we did at the last  
7 Commission meeting, we had a number  
8 of these on the agenda. Was Argosy  
9 on the agenda the last time also?

10 MS. BRODNAN: I do not believe they were. Those  
11 were other properties.

12 REPRESENTATIVE OF ARGOSY: We were not, we were not  
13 at that time.

14 MR. NEWMAN: How did this come to your attention.

15 MS. BRODNAN: Argosy reported it to the Commission  
16 agents on the property.

17 MR. NEWMAN: Do you make a concession in terms of  
18 the way you settle these cases for --

19 MS. BRODNAN: We do consider that on all regulatory  
20 matters, yes.

21 MR. NEWMAN: If they affirmatively come forward?

22 MS. BRODNAN: That helps.

23 MR. NEWMAN: And they weren't being investigated  
24 for this anyway when they came  
25 forward?





1 MS. BRODNAN: I don't believe so.

2 MR. CALLOWAY: Any other questions? The Chairman  
3 will entertain a motion to approve  
4 the request, the recommendation of  
5 staff of complaint 905-AG02.

6 MR. VOWELS: I'll vote to approve the proposed  
7 terms of the settlement.

8 MR. FESKO: Second.

9 MR. CALLOWAY: It's been moved and seconded. All  
10 those in favor signify by a vote or  
11 sign of aye.  
12 (Board signifies unanimous ayes.)

13 MR. CALLOWAY: Those opposed? Ayes have it.  
14 Angie, Voluntary Exclusion Program.

15 MS. BUNTON: You have before you for approval two  
16 orders regarding the Voluntary  
17 Exclusion Program and jackpots: One  
18 by John Doe No. 9 and John Doe No.  
19 10. Pursuant to 68 IAC 6-3G-2G, a  
20 participant in the program agrees  
21 that if he or she violates the terms  
22 of the program and enters the gaming  
23 area of the facility under the  
24 jurisdiction of the Commission, they  
25 will forfeit any jackpot or thing of



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value won as a result of a wager.  
John Doe No. 9 won a jackpot at  
Argosy Casino in the amount of  
\$3,622.

John Doe No. 10 won a jackpot at  
Argosy Casino in the amount of  
\$1,210.50.

Argosy withheld the jackpots as  
required by Commission regulations.  
Commission staff recommends that you  
approve for remittance of these  
jackpots as fines levied against Joe  
Doe No. 9 and John Doe No. 10.

MR. CALLOWAY: You've heard the recommendation from  
the staff regarding the jackpots won  
by John Doe 9 and John Doe 10, I  
believe. Are there any questions?

MS. ROSE: I have a question.

MR. CALLOWAY: Yes, ma'am.

MS. ROSE: John Doe No. 9. John Doe No. 9 asked  
for a voluntary exclusion for a  
period of a year.

MS. BUNTON: Yes.

MS. ROSE: And when his year was up, he  
apparently goes into the casino and



1 he wins this money, and we're still  
2 going to recommend that we withhold  
3 it?

4 MS. BUNTON: What happens is, in the rules when  
5 they sign up for the program, they  
6 are told that, you know, you can  
7 select one fine for life, but they  
8 are not removed from the program  
9 until they go back to -- they have to  
10 go to the Commission agents and fill  
11 out a removal application.  
12 So everybody stays on the program,  
13 even one-year people, until they  
14 request to be removed, and he has not  
15 requested to be removed.

16 MS. ROSE: And that's very clear in the rules,  
17 right?

18 MS. BUNTON: Yes, it is very clearly stated in the  
19 rules that's how it works.

20 MR. CALLOWAY: Any further questions? You heard  
21 the recommendation from the staff.  
22 What's your pleasure?

23 MR. FESKO: Recommend that we accept the staff  
24 recommendation.

25 MR. CALLOWAY: Mr. Fesko. May I have a second?



1 MR. ROBINSON: I second.

2 MR. CALLOWAY: So moved and seconded that the staff  
3 recommendation regarding John Doe 9  
4 and 10 be approved. Those in favor,  
5 signify by a vote or sign of aye.  
6 (Board signifies unanimous ayes.)

7 MR. CALLOWAY: Those opposed? Ayes have it.  
8 License renewals, Leanne Bailey.

9 MS. BAILEY: You have before you an order  
10 regarding the riverboat owner's  
11 license held by Indiana Gaming  
12 Company, LP, otherwise known as  
13 Argosy. Argosy's license expires on  
14 December 9, 2005. Argosy has  
15 requested the renewal of its owner's  
16 license, has submitted the required  
17 renewal fee, and is in compliance  
18 with Indiana Code 4-33 and Title 68  
19 of the Indiana Administrative Code.  
20 Commission staff, therefore,  
21 recommends that you grant one-year  
22 approval effective through  
23 December 9, 2006.

24 MR. CALLOWAY: You have heard the recommendation  
25 regarding license renewal for Argosy.

112





1 Are there any questions? If not, the  
2 Chairman will entertain a motion to  
3 approve the staff recommendation.

4 MR. VOWELS: I'll move to renew their riverboat  
5 license.

6 MR. CALLOWAY: Any seconds?

7 MR. ROBINSON: I'll second it.

8 MR. CALLOWAY: All those in favor, let it be known  
9 by a vote or sign of aye.

10 (Board signifies unanimous ayes.)

11 MR. CALLOWAY: Those opposed? Ayes have it.

12 Motion carries.

13 MS. BAILEY: Okay. The next license issue regards  
14 Aztar. You have before you an order  
15 about the riverboat owner's license  
16 held by Indiana Gaming Company, LLC.  
17 Aztar's license expires on December  
18 4, 2005. Aztar has requested the  
19 renewal of its owner's license, has  
20 submitted the required renewal fee,  
21 and is in compliance with Indiana  
22 Code 4-33 and Title 68 of the Indiana  
23 Administrative Code. The Commission  
24 staff therefore recommends that you  
25 grant one-year approval effective



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through December 4, 2006.

MR. CALLOWAY: You heard recommendation of staff regarding the renewal of license by Aztar. Are there any questions? If not, the Chairman will entertain a motion to accept the staff's recommendation.

MR. VOWELS: I'll move to renew Aztar's license.

MR. ROBINSON: I'll second it.

MR. CALLOWAY: All those in favor, let it be known by a vote or sign of aye.

(Board signifies unanimous ayes.)

MR. CALLOWAY: Those opposed? Ayes have it.

MS. BAILEY: And the last one, order that you have before you is regarding the riverboat owner's license held by Belterra Resort Indiana, LLC. Belterra's license, which expired on October 22, 2005, was renewed pursuant to resolution 2005-56, which allowed for the renewal to remain in effect until the Commission reconvened. Belterra has requested the renewal of its owner's license. They have submitted the required renewal fee and they are



1 in compliance with Indiana Code 4-33  
2 and Title 68 of the Indiana  
3 Administrative Code. The Commission  
4 staff would recommend that you grant  
5 the one-year approval, effective  
6 through October 22, 2006.  
7 But before you do that, I believe  
8 that there are representatives of  
9 Belterra and Pinnacle that are here,  
10 too.

11 MR. CALLOWAY: Mr. (inaudible).

12 MALE SPEAKER: Yes. This is a public meeting for  
13 the renewal of the five-year license.  
14 If there's any individual who would  
15 like to speak, there are speaker  
16 slips at the back of the room on the  
17 table. You'll need to fill one out.  
18 And then I'll ask that, Mr. McCord,  
19 in a few minutes, if you'll go back  
20 and collect the forms and bring them  
21 forward, if there are any.  
22 First of all, Mr. Back, if we may, we  
23 would like to hear the report from  
24 Drew Klacik on the Urban -- the  
25 Center for Urban Policy and the



1 Environment from IUPUI, who's  
2 conducted its report and provided  
3 copies to the members of the  
4 Commission. If I may, sir.

5 MR. KLACIK: Mr. Chairman. Mr. Chairman and  
6 Gaming Commissioners and Gaming  
7 Commission staff, my name is Drew  
8 Klacik, and in partnership with Seth  
9 (inaudible) and Laura (inaudible) of  
10 the Center for Urban Policy and the  
11 Environment and Larry Dehoer from  
12 Purdue University, we have prepared a  
13 five-year license renewal evaluation  
14 report for the Commission.

15 It principally addresses compliance  
16 with initial project commitments;  
17 impacts on the local workforce;  
18 impacts on the local economy; and tax  
19 revenue generation. I'll touch  
20 briefly on a few of the highlights of  
21 that report.

22 In terms of compliance, project  
23 compliance. As of January 2005,  
24 Belterra has spent about 302.5  
25 million dollars, more than twice the

116





1 148 million dollars initially  
2 committed to be spent on the project.  
3 About 15.7 million of that was spent  
4 locally in Dearborn, Franklin, Ohio,  
5 and Switzerland Counties.  
6 In terms of negotiated incentives,  
7 Belterra has paid approximately 13.6  
8 million dollars and has met all fixed  
9 price incentives that were agreed to  
10 in the initial project agreement and  
11 continue on with contingent  
12 contributions at this time.  
13 If you'll notice carefully in the  
14 report, it was approximately 12.7  
15 million dollars. Since the report  
16 was published, we learned of another  
17 almost \$900,000 of negotiated  
18 incentives that have been paid by  
19 Belterra to the local communities and  
20 local communities foundations.  
21 Finally, in addition to those  
22 negotiated incentives, Belterra has  
23 provided approximately 1.8 million  
24 dollars in sponsorships and local  
25 contributions above and beyond those



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local committed to negotiated incentives. Moving on to employment. The five-year average employment by Belterra was 1,245. In July of 2005, there were 1,277 individuals employed at Belterra.

Since opening, Belterra has paid approximately 161.4 million dollars in wages, nearly 34 million of which was paid in 2004, the last full year of the study period.

As of July, 2005, approximately 63 percent of all Belterra employees lived in Indiana. Forty percent of those employees were from Switzerland County, 57 percent female and 8 percent minority.

When we look at the impact on the workforce, in order to determine that we did a survey of Belterra employees. We had 597 responses out of the 1,245 employees, or a response rate of almost 48 percent. What we learned is that 26 percent of those



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responding to the survey were unemployed prior to beginning their new job at Belterra; about 55 percent of those who began work at Belterra were motivated either by increased income or the opportunity to work closer to home.

The average length of employment for those who responded to the survey was two years and nine months. About 211 of those 597 employees that responded to the survey had worked at Belterra for more than four years, 171 had worked for one year or less. Only 7 percent of all respondents to the survey indicated that they worked 32 hours a week or less, which is critical because that's where benefits start to kick in.

76 percent of all responding to the survey indicated that they have received a raise since beginning work at Belterra. On average, employees today make \$5,500 more than they did when they started work at the casino.



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Another aspect of the work force evaluation is training, and we find that a much higher share of Belterra employees receive specific job-related employment training than receive tuition reimbursement or general skill building.

In fact, more employees have reported paying for outside training on their own than report receiving tuition reimbursement from Belterra.

For example, for employees that have worked five years or more at Belterra, 61 percent report receiving job-related training; 15 percent report receiving tuition reimbursement; and 17 percent report paying for outside education on their own.

We also looked at economic impact, principally both tourism and the impact of spending of local taxes and negotiated incentives.

To determine kind of tourism, we did a survey of 546 Belterra patrons.





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And what we found was that 88 percent of all those people who we interviewed were -- said the principal reason to be in the region was to visit the Belterra Casino. Only 8 percent suggested that they were here for a different primary purpose, principally visiting a relative or on a business trip. 74 percent of the people we randomly selected for interviews lived outside of Indiana. The average trip distance to Belterra Casino was 91 miles. Interestingly, 42 percent of those we interviewed suggested that they spent at least one night here at the casino. That 42 percent is much higher than at most other Indiana casinos.

Looking at tax revenue. Belterra has generated over 120 million dollars in tax revenue in the State of Indiana, and over 47 million dollars of tax revenue for local governments.

Our analysis indicates that if local



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governments were to try to raise that money through the use of -- that 47 million through the use of property tax, they'd have to increase their tax rate by approximately \$3.29 per hundred dollars of assessed value.

Furthermore, the spending of the local tax revenues and incentives have an economic impact on the local community. In fact, we estimate that there's been about a 54.5 million dollar addition to the economy, local economy as a result of the spending of local tax dollars and locally negotiated incentives. That spending may have also generated 16 million dollars in wages in the five-county area and created 879 jobs.

In addition to the immediate economic benefits generated by the spending of those dollars, we should also keep in mind that the spending of those local dollars has enormous impact on the quality of life in this community.



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For example, among the things purchased with the expenditures have been new emergency ambulance service and firefighting equipment, the construction of soccer goals and soccer fields, a van for the YMCA, and program -- and assuming costs for program startup and family caregiving programs, and the development of new reading programs at the local library.

Finally, because I know some Commissioners track this on a regular basis, if we go back to the survey, we find out that 65 individuals have reported moving from rental situations to home ownership since beginning work at Belterra Casino. An additional 81 report that they have bought a new home, an improved home, since beginning work at Belterra Casino.

That is a brief summary of our report, and I'm available immediately for any questions.



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Thank you very much.

MALE SPEAKER: Thank you, Drew.

Next I'll introduce our host and the general manager for Belterra, Mr. Larry Valency (phonetic), the presentation by Belterra. Good afternoon, Mr. Chairman, Commissioners, Executive Director Yelton and staff. After reading the additional draft, which he reported during the earlier presentation, I think we should be very proud of our achievements here. The only disappointment I have is there is obviously a number of employees seeking additional education outside of Belterra and we have a very generous tuition reimbursement program there, obviously not to mention something we need to do a little bit better job advertising that benefit internally, folks. We're here today to present our five-year license renewal presentation. And we've got a brief





1 presentation to show you.  
2 I'm going to start off by presenting  
3 some of the statistics relative to  
4 our original certificate of  
5 suitability, and then during the  
6 presentation, I'm going to turn the  
7 mike over to Mr. Mike Jones, who is  
8 president of Switzerland County  
9 Council, and he's going to talk about  
10 the impact that the addition of  
11 Belterra to the county has had on the  
12 county, as well as the local  
13 residents in and around the county.  
14 Then I'm going to come back and talk  
15 about the operational achievements,  
16 as well as our financial  
17 achievements. And then, lastly, I'm  
18 going to turn the mike over to  
19 Mr. Dan Lee, our Chairman/CEO, to  
20 give a brief overview of what's  
21 happening around the (inaudible).  
22 Before I get into the presentation,  
23 I'd like to take a moment and  
24 introduce some of our corporate  
25 officers that are here today, as well



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as members of my executive management team. To my left, Dan Lee, Chairman/CEO; to my right, Alain Uboldi, who is our COO. Also, you may remember him as my predecessor here from GMS, Belterra. Jack Geoffrey to my right, executive VP and general counsel; and some of the members of the management team: Kevin Kaufman, senior director of casino operations; Jeff Mitchy, senior director of finance administration; Neal Miller, senior director of finance -- excuse me, food, beverages and hotel; Michelle Smith, director of human resources; Bob Tedesco, director of hotel operations; Jeff Bodinski (phonetic), director of slot operations; Chris McDowell, table games manager; Joe Cindrella (phonetic), director of player development; Shannon Hoffman, director of IT; Tony Razinski (phonetic), director of facilities; Dan Ratcliff, director of security



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and risk manager; and Robert Scott, director of surveillance. That's our team, folks.

Let me get into our project here. From our original commitment of 148.3 million, our building now stands at 302.3 million dollars, or approximately double the original commitment. That includes the recent addition of 300 hotel rooms that are above us, as well as 33,000 square feet of meeting space that, again, we're sitting in today; a resort style pool and expansion of our spa; and then most recently, the addition of a new piano bar in the lobby; and coming in the next couple of days, Belfloral, our flower shop.

The next slide shows some of the fixed incentive commitments that was in our suitability. And as you see, we've met or exceeded all of them. They included traffic control and infrastructure, and other services to help the county serve Belterra once



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it was completed, as well as some of the ongoing services, including firefighting, sheriff and then, lastly, some, frankly, things that the county just needed at the time. The next slide, what people focus on most, we have three development agreements here. And one is with the county, and that serves four entities within the county; the interlocal agreement, serving the surrounding cities and towns and counties; then, lastly, one other serving one local county, which is a five-year deal, and it expired last month. And most recently, we've reached a new partnership with Switzerland County. And we decided to do that and negotiate that deal apparently because we found ourselves in a position where we were not true partners with our local county. The previous deal included what I call a share of the fee clause. And specifically, when our tax rate





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increased, our payments to the county decreased. And so, again, if we would come to you one day and look to expand our building, we might find ourselves in a position where the county, from a pure financial perspective alone, would want to oppose that. And that obviously is not in the spirit of our original agreement. So we reached a verbal agreement. We have an agreement on all those points, and I expect in the next day, a couple of days, a week or so, we will formalize that agreement and grow together and move forward in terms of partners.

At this time I'd like to introduce Mike Jones, president of Switzerland County Council, and he's going to talk to you more specifically about the impact that Belterra has had on our local community. Mike.

MR. JONES: My name is Michael Jones, president of Switzerland County Council.

Chairman Calloway, Executive Director



1 Yelton, Commission members and staff,  
2 I have been president of County  
3 Council now for 23 years. And in  
4 1995 I stood before you, and as we  
5 made our case as to why we should  
6 receive riverboat gaming license, we  
7 made a commitment and a promise that  
8 we would use this revenue to improve  
9 the lives of our citizens and also  
10 help our neighboring counties.  
11 Today I'm proud to stand before you  
12 today and briefly share some of those  
13 accomplishments. I'm trying to talk  
14 quickly so I can get my picture off  
15 the screen there.  
16 Riverboat gaming has brought a very  
17 positive influence and effect on our  
18 county.  
19 Our relationship with Belterra has  
20 been very good. And as you've seen  
21 and will see, they have been good  
22 corporate citizens for our county.  
23 They kept their word, they've made  
24 good on the commitments that they  
25 made.



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Some of the things that we have been able to do, going into riverboat gaming back in 1995, '97, as we were trying to get the license, we lost our two largest employers, that being U.S. Shoe and Randall's, meaning a loss of over 400 jobs.

Also, with the decrease in the tobacco allotments and now the end of the Federal Tobacco Subsidy Program, Switzerland County lost millions of dollars in agricultural income.

Belterra came, promised, and delivered on having good, quality jobs for our citizens.

Medical care. In 1998, we, being one of the few counties in the State that did not have a hospital, we did not have a medical clinic, one full-time doctor and a part-time EMS service with only two employees and mostly volunteers. With riverboat gaming revenue, we have built a full-service medical clinic, and now have an advanced EMT and paramedic service.



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We formed a new Economic Development Commission, I think at least two of those members and our director are here today. They have worked on a new strategic plan as we strive to diversify our economic base in the county.

In our area of education, through our School Endowment Board, we have used this to improve our local schools. We now have two schools who have earned national blue ribbon recognition and our facilities have been improved.

We also promised the Gaming Commission that we would use our revenue to help our neighbors, and through this sharing program we have shared millions of dollars with Jefferson, Ripley and Crawford Counties. Some of these -- I think they have some photos of some of the things. This is a new sheriff's office, 911 communication and detention facility that just opened a





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few weeks ago.  
This is the new YMCA. I think  
Switzerland County was the smallest  
community in the nation to have a  
YMCA.  
And this is our new medical clinic  
that we are very proud of.  
In closing, we look forward to  
continuing our relationship with  
Belterra and Pinnacle. As Larry Back  
announced, we have reached in  
principle an agreement on a new  
development agreement for the county.  
We thank Belterra-Pinnacle for  
negotiating in good faith with us.  
This development agreement includes  
.9 percent of AGR being paid to the  
county an ongoing manner. This will  
greatly improve the lives of citizens  
in our county and the entities within  
our county.  
As president of the county council, I  
want to welcome you here and say that  
we are here to fully support the  
relicensing of Belterra. Thank you.



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Larry.

MR. VALENCY: Thank you, Mike.

As we go on through the next few slides, I want to impress upon you the Belterra story of growth. Several of the slides show information through October, 2005, our most recent financial information. And then several of the slides also include annual information and include forecasted data through the last two months of the year. So, again, I'll try to point those out as we go forward so you can see what is actual dollars and what is forecasted dollars. This slide shows life to date, through October of 2005, gross revenue of \$644 million; \$186 million paid in gross gaming revenue tax, admission tax, and also revenue sharing with our community. Sometimes we look at numbers like this, we talk about millions as if they're one dollar bills in our



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wallets, but when you look at these numbers and then talk to the people that live in this community, relatively small number of people in this community, these dollars are huge.

We showed pictures of some of the physical plants that were constructed here, but as I go around our building every day, I talk to our employees and what they've been able to achieve for themselves and their families, that's, I think, my largest point of pride on building this company.

The next slide shows gaming taxes and revenue sharing. My point for this slide was to show you, again, a story of growth. The growth has occurred primarily from three different sources. One is, I would put in the category of progressive market. The second I would put in the category of progressive and regulatory market. Lastly, capital infusion.

Mr. Lee and Pinnacle has shown a



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history of being willing to reinvest in our facility, and it's obviously paid dividends in our growth, in both our ability to earn revenues, as well as our ability to pay taxes and add money to our local community.

So, again, I look at these numbers sometimes and think back to earlier, frankly, when Belterra was cash flowing negative, and look at their achievement over the last few years, again, with a great amount of pride. And, again, we talked to some of our employees and you'll see the same pride, again, on a daily basis.

The next slide, again, focusing on gaming and admission taxes, \$183 million in taxes and almost \$50 million to Switzerland County. When you look at those numbers, again, I would like to point out they're flat and that's primarily result of our past development deal, as well as the change in the tax structure. But I think Mike and I,





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and the rest of the folks in the county, would agree that the \$50 million is being put to great use and has made huge improvements in, again, the physical plants, as well as people's lives.

The next slide shows our effective tax rate, and again, that goes steadily up, primarily because of change in the tax rate that worked with the change of the statute, as well as our revenue growth. If you break down the most recent year, our tax rate has been approximately 25.5 percent; 3.7 percent derived from admission tax; about 1.3 in local revenue sharing.

I think this slide warrants a little bit further discussion or explanation. When you see the earlier years, again when Belterra was cash flowing negative, there was obviously concerted effort to get toward profitability and there are associated reductions there.



1 In 2003, there was also two more  
2 significant changes with the building  
3 maintenance contract and Top City  
4 Laundry contract; both MBE vendors  
5 now are partners, will provide  
6 maintenance services for our land  
7 side facility. Top City Laundry does  
8 our in-house laundry, and our  
9 agreement with them allows them to  
10 serve our local community also.  
11 Then in 2004, we signed an agreement  
12 with Jeff Ruby's Steakhouse. I'm  
13 sure several of you dined there last  
14 night. Jeff Ruby is Cincinnati's  
15 premier restaurateur, and we're very  
16 proud to add him to our facilities  
17 and he's brought us great notoriety,  
18 as well as, frankly, great food.  
19 We have now employee demographics. I  
20 touched on this earlier. 63 percent  
21 of employees at Belterra come from  
22 the State of Indiana. Clearly  
23 Kentucky benefits, just really based  
24 upon our access across the dam to the  
25 State of Kentucky. And we talked



1 often about how do we change these  
2 statistics, how do we get more people  
3 on our workforce from the State of  
4 Indiana. And, frankly, right now we  
5 need more employees, period. In this  
6 fairly rural area one of our big  
7 challenges is including an  
8 appropriate mix of people. Earlier  
9 we talked about the report and the  
10 great number of people that are  
11 working more than 32 hours. Again,  
12 that's a point of pride for us, but  
13 at the same time, you know, a  
14 business like ours, it is hospitality  
15 oriented, needs more people during  
16 the peak hours, during the periods on  
17 weekends, so that continues to be one  
18 of our challenges.

19 The next slide talks about benefits  
20 offered. A lot of folks look at  
21 these and say, they're standard  
22 package there, but there's a couple  
23 of unique items that we have  
24 particular pride in. Quarterly bonus  
25 that we pay is based upon Belterra's



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profitability. And I'm proud to say that we reached that corporate bonus every quarter since 2003, save one, that just so happens to be the last quarter. In September, we had a period of depressed revenues and we primarily contribute the depressed revenues to the hurricanes that affected the south and people watching CNN and generally not coming to casinos.

But at the same time, talked to our corporate folks and said this is an event that did not really represent the efforts of employees and so we challenged our staff. And the fourth quarter that challenge was out there. If we make our annual goal, early January we gave them bonus but for the fourth quarter we're going to pay them a double bonus. So people thought that was really unique, creative, and I got several thank yous from our staff. And I don't want to say it in front of our older





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folks, that's a walk in the park, but I'm very confident we're going to be able to achieve our goal.

Lastly, we have a YMCA membership at our local YMCA for all of our employees. It's, again, a unique membership, I think it helps us to try to promote a healthy lifestyle among all our membership to all of our employees, and there's a great number of people that use it. And I've met with Dave Steel that runs the YMCA, and our challenge this year is to get more people using it and those who use it, to use it more frequently. Again, it's a great benefit for our folks and most people enjoy it.

The next slide shows our MBE achievements. For those of you who are affiliated with the Commission, for several years, I remember the day when we did not meet our goals. Now we have implemented a lot of changes in our path, let's say as of last



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January we reached the goals on a lifetime basis. And we continue to do a pretty impressive job and there's no doubt in my mind, we'll continue to meet our goals. Moving forward, the slide that you see there in front of you, in 2003/2004, are primarily attributable to the hotel construction, the expansion over above us. There was a requirement within that program to, I think it was 49 percent of the business would go through minorities. And, again, you see the spike there. I think we can probably expect 15, 16 percent moving forward on a regular basis. WBE's, a couple trends again. I think we've done a good job exceeding goal, but in 2003 we lost one of our marketing vendors. Obviously a lot of dollars flowing through advertising department aren't available, and of course we were able to redo that in 2004 and 2005. And,



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again, I don't think there's any reason for us to expect those statistics to vary in any material way, going forward. The next slide I put up there, again, to me it was talking about the \$1.3 million dollars in donations and sponsorships, a significant amount of money. I want to bring your attention to a couple of bullet points a little lower on the slide that I'm particularly proud of. When the hurricanes hit, they greatly affected our sister properties down south. Mr. Lee put a challenge out to us where he was going to match our employees' donations, and the employees really stepped up to the plate with their own wallets. But more importantly, I saw a lot of people figure out how to help people down south. We filled up a tractor-trailer with 21 skids of supplies, including clothing, anything that people need, and we



1 sent the trailer down there, but I  
2 was really surprised after that by  
3 the number of people getting in their  
4 cars and going. Our facilities folks  
5 and some people working with them got  
6 our dump truck and bobcat and went  
7 down and just started clearing  
8 streets in Mississippi. And it was  
9 really neat to see them come back.  
10 And some of the comments they made  
11 after coming back were along the  
12 lines of, you have no idea what  
13 happened there unless you see it and  
14 smell it.  
15 So as I look back at what we've been  
16 able to achieve here at Belterra,  
17 certainly great financial results,  
18 great record of regulatory compliance  
19 over the past couple of years.  
20 But, again, what makes me most proud  
21 is what we've been able to achieve as  
22 an employer in our local market, in  
23 fact, we've been able to have on the  
24 folks that work here and live in the  
25 community.





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At this point, I'd like to turn the microphone over to Mr. Dan Lee, our Chairman/CEO, to give you an overview of what is happening on the table in front of us.

MR. LEE: Good afternoon. I think the first time I was in front of this group was about three and a half years ago under less than positive circumstances. I'm proud to say that we've had the hotel turned around, reinvested. I think Larry, and before Larry, Alain's team, deserve an awful lot of credit for making Belterra a success for both our company and for Switzerland County and the State of Indiana.

As Larry mentioned, the hurricanes, we do have three properties along the Gulf Coast, and I hesitate to watch the weather until after November 30, which is the end of the hurricane season, because this does not seem to be our lucky year.

At one point Hurricane Katrina was



1 headed toward New Orleans, and then  
2 it veered right and hit Biloxi, and  
3 this is our property in Biloxi. And  
4 I was there immediately after the  
5 storm and it was pretty devastating.  
6 If you see the big -- the green  
7 outlines all the land that we own.  
8 And a big rectangle to the right is  
9 our now land-based casino that used  
10 to be right next to our hotel and it  
11 was destroyed. We are insured, I'm  
12 pleased to say. We do have  
13 architects designing a rebuild. We  
14 need to see the highways get built to  
15 make sure people can get there, and  
16 negotiating with the insurance  
17 companies to make sure they pay us  
18 what they owe us.

19 In the meantime we started training  
20 programs for our employees to train  
21 them in construction skills. We  
22 helped them get jobs with the  
23 construction companies, tearing stuff  
24 up, building, and those who chose not  
25 to do that, or actually even those



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who did choose to do that, we paid them one month's pay plus we gave (inaudible) towards a severance. There you can see our casino in the background. This is taken from the hotel building. And the big black and orange you see there are pylons that helped it to stay in place. They were designed for a 15-foot storm surge. This storm surge was nearly 25 feet. So it broke from the moorings, swung across our parking lot, somehow avoided Harrah's parking garage on the far left and our sign, which you see still standing. Somehow floated between those, wiped out the pawnshop we were trying to get rid of, that landed on concrete. So that's it. And you can see it was destroyed and it's going to take us at least a couple of years to get it up and running. We are able to use the insurance proceeds elsewhere, if we choose to,



1 and we haven't decided. We're going  
2 to wait and see for the next six  
3 months, as the highways come back.  
4 See casinos, there are some casinos  
5 that are a lot less damaged than  
6 ours, as they open, how they do,  
7 before we make a decision.  
8 But for our shareholders, we said  
9 that we will obviously try to do  
10 what's right and, in fact, those  
11 insurance proceeds could be used to  
12 put a third tower on here, which  
13 would make ours the largest hotel in  
14 the State of Indiana. If I'd known  
15 we were only 20 rooms shy of the  
16 300-room expansion, it would have  
17 been 321 rooms.  
18 In the last three years, we've been  
19 awfully busy now. Not only did we  
20 move the corporate headquarters to  
21 Las Vegas, bringing a whole  
22 management team which included Jack  
23 and Alain (phonetic), already moved  
24 them out to Las Vegas and so on.  
25 We've turned around results at our





1 other existing properties, but we  
2 also developed this little puppy down  
3 in Lake Charles. It's a 746-room  
4 hotel that opened in May, is doing  
5 extremely well, and it's currently  
6 the largest hotel in Louisiana and  
7 Mississippi. It has a (inaudible)  
8 golf course, which is as Belterra  
9 does, and the casino.  
10 We also continued to operate in New  
11 Orleans. This was closed for about a  
12 month. And we were lucky there,  
13 we're on the west bank of the  
14 Mississippi River, and the west bank  
15 did not flood.  
16 So we had some wind damage. We  
17 continued to pay our employees  
18 through the month it was closed. We  
19 used the hotel as a staging area for  
20 the energy company crew of the area,  
21 and then, frankly, had a phone call  
22 from the sheriff's department saying,  
23 we understand you have air  
24 conditioning and food and you're  
25 feeding the engineering company,

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could we move our headquarters down to your casino. So I think we're the first casino that's actually operated as a sheriff's headquarters, and did that for about a month. And then opened just over a month ago and it's actually doing quite well.

In Reno, which is one of the earliest casinos of ours, it's been opened about 50 years, we continue to do well. And it's right on I-80, at the California border. We're putting a Cabella store next door to us. We own about 500 acres and we're looking at doing a joint venture with a home builder to build the entire neighborhood around us.

And Bossier City, Louisiana, this was kind of our staging area. As you can imagine, when the Hurricane Katrina came through, we had two casinos closed, one in New Orleans and one in Biloxi. And we staged the recovery of Bossier City, which is in the northwest part of the state and of



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Lake Charles, and literally backed up trucks to the warehouses, loaded them up and drove down with whatever we had and passed it out.

And then in -- then about a month later, Hurricane Rita came along and Lake Charles was closed, and we started to become experts on disaster recovery and how to hook up generators and so on, and Alain and I were down there cleaning out refrigerators and we were able to get Lake Charles open and operating in a few weeks. But Bossier City was a lot of the staging for both of the those efforts.

In Argentina, we've operated in Argentina since the mid '90's. We built an entirely new casino down there in the City of Neuquen in Argentina. That's the commercial capital in that region. And this opened up in July, and we had had a concession with the government there to be the exclusive operator of the



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casinos in the cities of the Province of Neuquen. That was due to expire at year end '06. We negotiated with the government to do, build a new and better facility if they would extend that. They did extend it to 2016, and if we build a small hotel, we get a further extension of 2021. So we're doing quite well in Argentina. We are also building, in St. Louis we are building a hotel -- excuse me, Bahamas. I'm not used to controlling this.

But in St. Louis, we're building a hotel, which I'll show you in a minute, which was intended to be the Four Seasons Hotel.

The Four Seasons organization came to us and said, we have an interesting problem, a wonderful resort on the island of Exuma, Bahamas, but the guests are complaining that there's nothing to do once the sun goes down. Would you please look at building a small casino in Exuma. And so we





1 are, and that is under construction.  
2 It should be open in March. It's a  
3 beautiful resort. The casino's very  
4 small, it's only 5,000 square feet.  
5 And I think part of the reason that  
6 Four Seasons chose us for that was  
7 they knew we would operate a quality  
8 operation and not (inaudible) in  
9 comparison.  
10 In St. Louis we were chosen by both  
11 the City of St. Louis and St. Louis  
12 County to be the preferred  
13 developers, and that was endorsed by  
14 the Gaming Commission, be the  
15 preferred developers of two casinos  
16 in St. Louis. One is about ten miles  
17 south of downtown, and this is it  
18 (indicating).  
19 It's called River City, just like in  
20 the song -- in the movie, The Music  
21 Man, except he was talking about  
22 Gary, Indiana. I'm sorry. We  
23 thought it was a good name so we  
24 trademarked it and we're using it for  
25 a casino in the community, if we may.



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And it has a very historical look to it. This is a very large casino with 3,000 slot machines. We just started construction on it. It will be open in about three years.

And this is what we're building in downtown St. Louis, about two blocks from the famous arches. This has a 200-room hotel in it that is intended to be a Four Seasons. We haven't signed the deal with the Four Seasons yet because there is a small lodge in the middle of Missouri called Four Seasons. We have to straighten out the name. But it has a luxury hotel in it and a casino and nice restaurants, and this is under construction on land we own and will be open in about two years.

All of that, the turnaround in our operations, the growth we are showing has allowed our company to be on a stronger financial footing than it's been in a long time. The stock has gone from about \$7.00 or \$8.00 when



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the management team joined, to about \$23 today, which is a pretty good growth rate in three years. We also did two equity offers during that time frame.

So the equity of the company's gone from about 200 million to 5 billion dollars. And the success of Belterra has been a big part of helping do that.

I think that was it. So I'd be happy to answer any questions you may have. We've been busy for three years.

Yes.

MR. FESKO: Just for the education of the Commission itself, I'm kind of interested in the history of the background. At one time the State of Missouri, weren't they water based only and now they're, they've gone to land based.

MR. LEE: Well, the casino must be within a thousand feet of either the Mississippi River or the Missouri River, and only the floor needs to



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float. Every state's a little bit different, but in Missouri only the floor needs to float. There's one casino like that left now, it's in Kansas City. Think of building an indoor swimming pool and put a floating dock. And literally you can go around and stamp on the floor and you can't tell where it's floating or it's not floating, and that's the Argosy of Kansas City. We're going to use the same construction technique.

And as it happens, they have a convention center in downtown St. Louis that loses money, a very large convention center. We indicated that we would put the casino close to the convention center and it will help their convention business and it's within a thousand feet of the river. So we acquired the land to do that.

MR. FESKO: Which leads to my second question. We've been hearing a lot about the State of Mississippi possibly going





1 from, transferring from water-based  
2 facilities to land based because of  
3 the hurricanes. What is the status  
4 of that legislation right now?

5 MR. JANCE VANCE: It's been approved, land based is  
6 approved. It has to be within  
7 800 feet of the water. It frankly  
8 doesn't have much application to us.  
9 Can you show that original picture of  
10 Biloxi that showed the -- looking  
11 down in space, if you would.  
12 Our hotel building, we think is  
13 structurally sound. We're still  
14 inspecting it. So that building on  
15 the far left, it has eight stories of  
16 parking garage and an eight-story  
17 hotel on top of it. The water surge  
18 destroyed the horizontal parts of the  
19 parking garage, but the vertical  
20 members are still there and we have  
21 structural engineers looking at that.  
22 At least at first flush, we think  
23 it's still structurally sound. And  
24 it also ripped some of the eaves off  
25 the tower and water got into it, so

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1 we -- and then it sat without  
2 electricity for months. So there's  
3 mold issues, and we've been ripping  
4 carpet out and drywall out and so on.  
5 But we think the actual structure of  
6 that hotel is sound and it will be  
7 quicker and faster and cheaper --

8 MALE SPEAKER: It's a hotel to the casino?

9 MR. LEE: Well, then you can see, the casino  
10 used to be floating next to the  
11 hotel. Well, if you tried to put the  
12 casino on land, it's a long ways away  
13 from the hotel. So in our particular  
14 instance, it's still going to make  
15 sense to put the casino near the  
16 hotel, and that means over the water.  
17 Now, you were permitted, even before  
18 the recent legal change, to build it  
19 on pylons over the water, didn't have  
20 to float it anymore. About a year  
21 ago they changed the laws so it could  
22 be built on pylons over the water,  
23 which is better than having it float.  
24 And, frankly, all of Biloxi is a  
25 sandbar, and so wherever you build,

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you have to put it on pylons. And the only question is whether the pile driver's on a truck or a barge, it's essentially the same. Every state has slightly different rules about this floating stuff, so -- Yes.

MR. NEWMAN: I want to -- I have not been to this property before, and it's very impressive and I want to congratulate you on that and on the presentation, and congratulate Counselor Jones as well for the role that local government has played in making sure that you get real value and some pretty important institutions in your community. It looks to be very successful, and thank you for that. You probably don't want to comment on this any more than you comment on which is your favorite child, but how does -- how do you see -- this is an impressive constellation of properties and very ambitious. How does this fit with the overall, with,



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MR. LEE:

how would you characterize it with regard to your properties overall? This is one of our three most important in terms of what it earns. In terms of size and quality, it's one of our two strongest. But frankly, it's one that I'm probably the most proud of because of where it was when the management team came in. And, really, a lot of what we've done which is with most of the people that are here. I think the property went through three or four general managers before we got here, in a year. I remember the first time I met with the management team, they looked like deer caught in the headlights. I said just everybody take a deep breath, all the bad news is out, just do your jobs. And they have. Now, I'm still bothered by that acoustic tile up there that's not sitting exactly right, so later somebody please make sure we get that





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fixed, but we do have, try to give attention to detail, and I'm very proud of this property, so.

MR. VOWELS: Early on, and some of the Commissioners weren't around during that period of time, there were certain regulatory problems that were had with MBE and WBE, and then the incidents that occurred back in the spring of 2001. But since that time and since we've straightened all of that out, I don't ever hear anything from the staff about regulatory problems here. It seems that -- and Mr. Yelton, you can correct me if I'm wrong -- the time you've been here, there's not been anything out of the ordinary that we've had to deal with with this property as we had in the past, so apparently your involvement since the time that you came in achieved what your company hoped it would do and what the Gaming Commission hoped it would do.

We did hear a lot about this place,



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regulatory problems early on, prior to your involvement, but I would just say, as somebody who lived through all of that, that no news is good news, and I haven't heard anything in all that time and, Jennie, I think you were around during all of that, too, of course. And there's nothing strange and bad that's been going on here since all of that was straightened out; is that fair to say?

MS. ARNOLD: (Inaudible.)

MALE SPEAKER: Other than your visits.

MR. LEE: We try to do our job. That's all. Any questions? Thank you very much.

MR. CALLOWAY: Gentlemen, I have a couple of -- thank you all for the presentation. A couple people would like to speak, Neal Comer. Neal, he is with Ripley County, Osgood. And following Neal is Robert Reiner, who is Ripley County Commissioner.

MR. COMER: Thank you, Mr. Chairman, Commission members and staff, my name is Neil



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Comber and I'm from Osgood. You may have -- if you're from the north, you may have driven through my town on the way in. You may have recognized our landmark, the Dam Theater, which is in the center of town, and on its marquis. And the Dam Theater's been owned by the Dam family since 1920. So it's just a matter of trivia. I'm also county attorney for Ripley County, and I have been for many years.

And we were fortunate enough, back in, before the license was granted to have Switzerland County come to us and ask if we would participate in a revenue sharing program or plan, along with Jefferson County, and also at that time Crawford County, which we did. We entered into an agreement.

In essence this agreement, in a nutshell, allows a portion of the revenue that Switzerland County receives from gaming taxes to be put



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into this revenue sharing plan, and a percentage is paid in also by Belterra from the adjusted gross receipts. And that has worked well for a period of time.

Ripley County, which is right north of here, is about 26,000 people in population, mostly rural, and they have needed and benefitted from this revenue sharing plan, and we very much appreciate that.

I spoke with Julie Barry earlier this morning, who is from Jefferson County. She's a Commissioner there and she wanted to be here, but she was unable to be here and I mentioned to her I was here. She asked if I would speak on behalf of herself and Jefferson County and said that I could say what I thought was appropriate and do whatever I thought was good for Jefferson County except write a check. So I'm here to tell you that Jefferson County also is very appreciative of the fact that





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Switzerland County saw to it to include us in their revenue sharing plan.

There has been some issue that has arisen, this plan that we had, which was developed back before 2000, which did not contemplate dockside gaming, had a provision in it that said, if tax rates increased it affected the contribution by Belterra to the plan. But dockside gaming went into effect, and as a result Belterra made an adjustment in their contribution to the plan, significantly reducing their contribution.

And they have their arguable point. We, on the other hand, not only did we suffer that negative impact, but we also have a different arguable point, and we would like to sit down with them to try to work this out.

And, in fact, assuming, as I understand that provision, the adjustments that are being made, and that could be made as their business



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increases and the AGR increases,  
could eventually cause their  
contributions to be reduced to zero.  
I don't think that was ever  
contemplated or intended back in  
2000. I really don't think the  
Gaming Commission would like that  
effect. It's our hope and our plan  
to get together with representatives  
of Belterra to try to work out this  
difference of opinion.

We hope to do that with Jefferson  
County. We have invited Crawford  
County to join in that discussion. I  
have no reason to believe that we  
cannot work it out.

It's my understanding, in fact, that  
representatives of Belterra have  
already expressed their willingness  
to sit down and in good faith try to  
work this issue out. And I would  
like to be able to report to you some  
day in the future that we got it  
worked out.

But I do want you to understand today



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that there is a group of people north of here that very much supports and appreciates Switzerland County. They've been a very good neighbor. They've been a good neighbor to us and to Jefferson County. They have completely fulfilled their obligation to us. We support the relicensing or renewal of this license to Belterra. We wish both Belterra and Switzerland County much success. If you have any questions, I'd be happy to answer, or try.

MR. NEWMAN: What kind of revenue has Ripley County seen from this arrangement?

MR. COMER: Approximately 400,000, 3 to 400,000 was the amount that we were receiving before. Now that there's been a reduction as a result of Belterra, it's probably 200 to 250. Those are gross numbers, but I'm not sure. The way that arrangement was to be done, the amount that was put in by Switzerland County and the amount to



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be put in by Belterra was divided  
50 percent to Jefferson County,  
25 percent to Ripley County and  
25 percent to Crawford County.

MS. ROSE: Are there separate revenue sharing  
agreements with each county?

MR. COMER: It's all actually one agreement.  
We've all signed the same agreement,  
so all share in this one pot, revenue  
sharing pot: 50 percent to  
Jefferson, 25 percent to Crawford and  
25 percent to Ripley County.

MS. ROSE: Didn't I hear someone just say that  
-- Ron, do you want to --

RON: There are actually three agreements.  
There's one with Switzerland County,  
specifically that's what Mr. Back and  
Mr. Jones spoke to.

MS. ROSE: That was just renegotiated?

RON: Yes. Yes. There's a separate  
agreement called an interlocal  
agreement that is between Switzerland  
County, Jefferson, Ripley and  
Crawford Counties and Belterra. And  
then there was an additional





1 agreement, there was a five-year  
2 agreement with Crawford County that's  
3 now expired. That was a separate  
4 revenue sharing agreement.

5 MS. ROSE: So he's talking about the interlocal  
6 agreement, correct?

7 RON: Interlocal, right.

8 MR. CALLOWAY: So what is that -- Is that on a  
9 percentage basis of the AGR?

10 MR. COMER: It's one half of one percent of AGR,  
11 as I recall. That was the original  
12 plan, and then that's been adjusted  
13 since then.

14 MR. NEWMAN: Is that money being supplemented by  
15 the county or just lost to you?

16 MR. COMER: I think it's just lost. It's just  
17 not being paid into that revenue  
18 sharing fund. I think that was, that  
19 was the individual obligation of  
20 Belterra.

21 Thank you.

22 MR. ROBINSON: Thank you.

23 MR. CALLOWAY: Mr. Reiner.

24 MR. REINER: I'd like to say hello to everyone,  
25 especially the members of the Gaming



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Commission. My name is Robert Reiner. I'm president of the Ripley County Commissioners. My speech is short and it's to the point, so it will not take up much of your time. It is my pleasure to tell the Gaming Commission what the revenue sharing has meant to Ripley County and the towns in Ripley County. They share in our -- in what we receive from Switzerland County also.

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

The impact from Switzerland County, the monetary sharing that Switzerland County has made to Ripley County and our communities are totally unbelievable. It's unbelievable as



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to how it has helped us.  
With the monetary sharing of  
Switzerland County, dreams and hopes  
became reality, from technology  
equipment for our courthouse and  
other government buildings, to  
updated heavy equipment for our  
highway department, a new jail being  
built with no tax increase to our  
property owners, and also the  
addition of a 24/7 paramedic system  
in January of 2004 to assist our  
present EMS system -- and this  
paramedic system has already saved  
the life of a 14-year-old boy which  
would have never happened without the  
sharing that Switzerland County has  
done with us.

These are some of the accomplishments  
that have been made possible with  
their generosity. The morale of our  
employees has reached new heights.  
We achieved goals that would have  
taken years to accomplish, and some  
that would have never been



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accomplished without the generosity of Switzerland County. We have been good friends and neighbors for years. They have honored their sharing commitments with Ripley County. In closing, I would urge the Gaming Commission to relicense the Belterra, and I thank you so much for the opportunity to tell everyone involved what this sharing has meant to our county.

MR. CALLOWAY: Thank you, Mr. Reiner and Mr. Comer.

MS. ARNOLD: Tom, are there any others?

MR. CALLOWAY: You heard the presentation of Belterra. The Chairman will now entertain a motion for the renewal of the license for five-year renewal.

MS. ROSE: May I ask a question?

MR. CALLOWAY: Yes, ma'am.

MS. ROSE: Someone from Belterra, is there an intent to sit down with the interested people and talk about the interlocal agreement?

MR. LeFRESHE: We have the interlocal agreement that's in place. And Belterra has





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been compliant with that agreement. It has a formula that I won't take your time to explain now. There's a formula that applies as to how the payments are made. We're fully in compliance with that. And we're going to continue to fully comply with that. And we were only very recently contacted a matter of days ago by someone who had not yet been retained to represent the counties, but who suggested that he might be retained by the counties and asked if Belterra would be interested in having a conversation. And we suggested, we need to sort of sort it out, who's representing or not representing, and call us back.

MS. ROSE: Let me ask you this question. Is it possible for the payments to those who are parties to the agreement to go down to zero, in fact? Is that possible, that it could be nothing?

MR. LefRESHE: Yes. Yes, and the agreement specifically notes that.



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MS. ROSE: That it could be nothing?

MR. LeFRESHE: Yes.

MR. JONES: I think a point, I think it's a really important point, I think, for everybody here today to hear and understand it, and maybe it will spread throughout Indianapolis. The way the agreement was written, it was written with the understanding that one day our State taxes, State-related gaming taxes could go up, and frankly, it was also undisputed that one day there would be a Federal game tax. And the way it works is that if there is an increase in taxes, of course, we would be obligated to pay for them, but it also, when I referred to earlier, may go to zero payments. Although our numbers may go up and our tax liabilities, for example, 10 million dollars, and our local payments could go down by a million dollars, a million dollars is a huge impact on these local communities.



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So if you would ask me, are we in compliance with those agreements, I'd say a hundred percent, absolutely, yes. If you would ask another question, well, where is that money now? I would say in Indianapolis. That's a tough thing for people to hear, but when our State taxes went up, we paid them, but it also had a direct effect on the payments to those developments, and that's why I referred to them as a share payment clause.

Again, it sounds like a great idea when the agreements were initially signed, but it is a reality that the increased tax rate affects these small communities in a big way. And, you know, for us, we look at those numbers, and you look at an increase of X million dollars, and I look at you and say, you know, it decreased a couple hundred thousand dollars, it seemed relative small, but in Ripley County, it's huge.



1 MS. ROSE: What's the term of the interlocal  
2 agreement? When does it expire?  
3 MR. JONES: All the agreements are in perpetuity.  
4 MS. ROSE: All the agreements are in perpetuity?  
5 MR. JONES: That's are -- the one that we are in  
6 the process of negotiating now, is in  
7 perpetuity. These are all  
8 agreements, also in perpetuity.  
9 MS. ROSE: Again, you renegotiated the  
10 Switzerland County agreement?  
11 MR. JONES: Yes.  
12 MR. LefRESHE: We live in Switzerland County.  
13 MS. ROSE: Indeed you do.  
14 MR. NEWMAN: Yes. Has that amount been going down  
15 as the gentleman described?  
16 MR. JONES: Yes, that's gone down. As a matter  
17 of fact, right now we're frankly a  
18 little bit overpaid.  
19 MR. NEWMAN: You're overpaid?  
20 MR. LefRESHE: Yes.  
21 MR. NEWMAN: And why is that going down, in a  
22 word? What is it about the formula  
23 that causes it to go down?  
24 MR. JONES: In short, the graduating taxes. As  
25 we earn more money, the tax rate goes





1 up. The increase in the tax rate is  
2 what causes the decrease in the  
3 payments. In other words, in short,  
4 as we pay more to the State, we pay  
5 less to locals.

6 MR. LeFRESHE: There's a very specific formula in  
7 the contract that lays out in  
8 mathematical detail when the  
9 percentage of tax increases there's  
10 an offsetting percentage reduction in  
11 the amount that's then calculated as  
12 a percentage of payment of AGR. And  
13 that's why, theoretically, you can  
14 get to a point where your tax rate  
15 was sufficiently large that it would  
16 drive the other percentage to zero.  
17 Now, I'll tell you that today we are  
18 not close to being at zero. But if  
19 you took trend lines out  
20 geometrically, you could end up at  
21 zero.

22 And the contract does, by specific  
23 example built into the contract,  
24 explain that and notes that if that  
25 circumstance occurred, the contract



1 would remain in force and effect so  
2 that if the tax rate then dropped,  
3 the agreement would kick back in. So  
4 this is all contemplated as part of  
5 the interlocal agreement that came  
6 before the Commission back at the  
7 time of the Certificate of  
8 Suitability being approved and the  
9 like. So this has all been a part of  
10 the regulatory environment here.

11 MR. VOWELS: Was it the rationale at that time  
12 that you guys need to do this or the  
13 people in Indianapolis were going to  
14 make you share, revenue share?  
15 Wasn't that the thought, that you  
16 better go ahead and do it or the  
17 legislature may do it for you?

18 MR. LeFRESHE: Well, that wasn't the thought.

19 MR. VOWELS: Okay, that was a rhetorical question.

20 MR. LeFRESHE: None of us were here, at least I  
21 wasn't.

22 MR. VOWELS: I was. How has that environment been  
23 changed? I mean, the tax rates have  
24 gone up because they're dockside now.  
25 Isn't that what set all of this in



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motion, as far as the change and how the revenue sharing changed? Is that not right?

MR. LeFRESHE: Well, that's part of it. I think that that's correct. The other thing that happened, the collateral spinoff of dockside was that at the State level there's now revenue sharing to the non-riverboat counties. So I believe it's the case that Ripley, Jefferson, Crawford and the other 88, 89 noncounties are now getting monies directly from the State as part of revenue sharing that they originally didn't get prior to dockside. So I don't know what those amounts are.

MS. ROSE: So you could do an analysis then of the decrease from Belterra under the interlocal agreement and the potential increase from the State to Ripley County that they had before. Is that what you're saying?

MR. LeFRESHE: Well, that's not what I said, but --

MS. ROSE: But that would be possible?

MR. LeFRESHE: Yes.



1 MR. NEWMAN: And you would say that their  
2 recourse, Ripley County and those  
3 counties, their recourse would be to  
4 the legislature to change that, or  
5 what's your position about where  
6 their complaint needs to lie, if it's  
7 now a fact they're losing revenue  
8 under this formula?

9 MR. LeFRESHE: Well, this is a contract that we've  
10 entered into so I don't think they  
11 would have recourse with the  
12 legislature so --

13 MR. YELTON: Only to the extent that the pool  
14 they're referring to to the nongaming  
15 counties is it is statutorily set at  
16 33 million dollars is the pot by  
17 which they divie up between them, I  
18 presume they could be affected that  
19 way, legislatively, though, to  
20 increase that distribution.

21 MR. CALLOWAY: So if I'm understanding, then you  
22 all would say that you are not  
23 planning on talking to these other  
24 counties in the near future about the  
25 interlocal agreement?





1 MR. JONES: We haven't had any conversations to  
2 date. As a matter of fact, we don't  
3 have our (inaudible).  
4 MR. CALLOWAY: Are there any further questions?  
5 We have before us the request for a  
6 five-year license renewal for  
7 Belterra. The Chairman will  
8 entertain a motion at this time.  
9 MR. VOWELS: Mr. Chairman, there's an order that's  
10 been prepared that has a number of  
11 conditions, specifically five  
12 conditions, for the renewal of this  
13 riverboat license.  
14 Mr. Gifford, you've seen this, have  
15 you not?  
16 MR. GIFFORD: Actually, I don't think I have seen  
17 it.  
18 MR. VOWELS: Perhaps if you all will just read  
19 that. For the record, I will make a  
20 motion to renew, based upon this.  
21 And Mr. Gifford, this paragraph one,  
22 it says that, "Renewal is subject to  
23 the following conditions approved by  
24 the Commissioners."  
25 My motion would be to move to renew



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subject to these conditions, that is, Belterra continue to provide the Commission staff with remote dial-in to Belterra slot and account management system, I assume that's all right?

MR. LeFRESHE: For operations (inaudible).

MR. VOWELS: Okay. Belterra post a bond in the amount of one million dollars to secure its economic obligations. All right?

MR. LeFRESHE: I think if I could just -- I think our current bond is two million, so we would understand this resolution to allow us to reduce that then to a million dollars.

MR. VOWELS: Yes, that's what the staff has put together. Belterra is to continue to maintain its commitment to the Commission's 10 percent and 5 percent goals of minority and women's business participation respectively. And of course you're going to do that?

MR. LeFRESHE: Yes.



1 MR. VOWELS: Belterra is to maintain statistical  
2 information concerning problem  
3 gambling, including, but not limited  
4 to, the number of people approached  
5 by Belterra or that approach Belterra  
6 who are suspected of having a  
7 gambling problem. You agree to that,  
8 correct?

9 MR. LeFRESHE: Right.

10 MR. VOWELS: This is a long one so I'm going to  
11 read it fast so listen up.  
12 Belterra is to keep its riverboat  
13 gambling operation, the riverboat and  
14 the pavilion in compliance with all  
15 other state and local laws,  
16 regulations, and/or other properly  
17 applicable directives, rules and  
18 regulations for the lawful operation  
19 of riverboat gaming, including, but  
20 not limited to, Indiana Code 4-33, et  
21 seq., 68 Indiana Administrative Code,  
22 et seq., Army Corp of Engineer  
23 permitting, the United States Coast  
24 Guard certification, or other  
25 Commission-approved marine structural



1 and life safety standards, and such  
2 other Federal, state and local  
3 licensing, permitting or  
4 certification requirements as are  
5 necessary for alcoholic beverage  
6 service, food service, construction,  
7 and the overall public health.  
8 And you would all -- you'd agree to  
9 all of these conditions?

10 MR. LefRESHE: Correct.

11 MR. VOWELS: Those are the five conditions that  
12 the staff prepared, and of course you  
13 comply with all of those, Indiana  
14 Code 4-33 and Title 68, Indiana  
15 Administrative Code, so that would be  
16 a given.

17 So with that in mind, Mr. Chairman, I  
18 would move that the Indiana Gaming  
19 Commission renew the riverboat  
20 owner's license of Belterra Resort  
21 Indiana, LLC.

22 MR. ROBINSON: I'll second it.

23 MR. CALLOWAY: It's been moved and seconded.

24 All those in favor, let it be known  
25 by a vote or sign of aye.





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(Board signifies unanimous ayes.)

MR. CALLOWAY: Those opposed? Ayes have it.

I ask it be admitted here.

Any other business coming before the  
Commission?

Our next meeting?

MALE SPEAKER: Our next scheduled meeting is

March 9th at 10:30 a.m. at a venue  
yet to be announced.

MR. CALLOWAY: I appreciate everybody coming out

today. Congratulation to everyone.

Now the chair will entertain a motion  
to adjourn.

MR. ROBINSON: I'll make a motion to adjourn.

MR. CALLOWAY: Is there a second?

MR. VOWELS: I'll second it.

MR. CALLOWAY: All those in favor, let me know by a  
vote or sign of aye.

(Board signifies unanimously aye.)

Those opposed? Ayes have it. Thank  
you. Good job.

(MEETING ADJOURNED AT 1:30 P.M.)

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