

## BEFORE THE INDIANA GAMING COMMISSION

BUSINESS MEETING

**COPY**TRANSCRIPT OF PROCEEDINGS

DATE: May 12, 2000

PLACE: Indiana Government Center South Auditorium  
402 West Washington Street  
Indianapolis, Indiana

REPORTED BY: Kathleen L. Cast, Notary Public

MEMBERS OF THE COMMISSION

Donald Vowels, Chairman  
Ann Marie Bochnowski  
Thomas F. Milcarek  
Richard Darko  
David E. Ross, Jr., M.D.  
Robert Swan  
David Carlton

ALSO PRESENT

John J. Thar, Executive Director,  
and Members of the Staff

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1 further discussion? All in favor say aye.

2 (Unanimous Vote)

3 CHAIRMAN VOWELS: We'll show those are  
4 approved.

5 The next matter on the agenda is the report of  
6 the Executive Director, Mr. Thar.

7 MR. THAR: Thank you, Mr. Chairman and Members  
8 of the Commission. I'd like to report first on  
9 personnel matters. The Commission has received  
10 permission to hire an assistant for the controller  
11 position. This will enable the controller to spend  
12 more time on longer-term projects such as the budget.

13 The Commission is also seeking authorization  
14 to open up a new position on the staff referred to as  
15 the EGD, or electronic gaming device, coordinator.  
16 This position will concentrate on electronic gaming  
17 devices in this jurisdiction from all the various  
18 aspects as they apply to the approval of the games,  
19 movement into the jurisdiction, placement of the  
20 games, changing of the games and eventually the  
21 movement out of the jurisdiction.

22 Also with regard to personnel matters, we've  
23 had some departures. The Commission received notice  
24 from two auditors that they are leaving. Melody  
25 Fields left approximately two weeks ago to pursue an

1 MBA as well as a job that had a tuition reimbursement  
2 capability. And Vergis, another of our auditors, has  
3 advised us she is leaving May 19th and will move to  
4 the state of Tennessee to get married. So we wish  
5 both of them the best of luck.

6 There have been some promotions. Sergeant  
7 Sherry Flynn who was detailed to the riverboat gaming  
8 division in a temporary administrative capacity due to  
9 a back injury suffered while on another detail has  
10 been promoted to captain and permanently assigned to  
11 the riverboat gaming division in an administrative  
12 capacity.

13 Mark Mitchell was a sergeant with the white  
14 collar crime section of the criminal investigation  
15 division. He was promoted to lieutenant and has been  
16 permanently assigned to the riverboat gaming division.

17 Both Mark and Sherry are attending what is  
18 popularly known as a grip and grin where the Indiana  
19 State Police formalize the promotions by photo ops and  
20 handshakes with all the brass. We congratulate both  
21 and welcome each of them aboard, so to speak.

22 I'd like to report to you on Horseshoe issue.  
23 As most of you are aware, the Illinois Gaming Board  
24 approved the acquisition of Empress by Horseshoe  
25 Casino just prior to the December, 1999, cutoff date.

1 The Board did not approve Jack Binion on an individual  
2 basis, deferring that decision until a later time.

3 Subsequent to the Illinois Gaming Board  
4 action, the media claimed that it had a copy of the  
5 report that was given to the Illinois Gaming Board,  
6 and that the report given to the Board ultimately  
7 recommended against the transaction or approving the  
8 transaction at that particular time.

9 John Wolf, who is the head of the Indiana  
10 Coalition Against Legalized Gambling, has provided a  
11 copy of the document claimed to be the Illinois report  
12 to the Commission staff, and we have subsequently  
13 submitted that document to the Horseshoe -- to the  
14 people with the Horseshoe Casino and asked them to  
15 provide a detailed response to the contentions of that  
16 report. Horseshoe has subsequently provided a  
17 response, part of which has been distributed to each  
18 of you commissioners.

19 Any discussion concerning the various  
20 documents and issues surrounding this matter have been  
21 deferred for a couple of reasons. The first is to  
22 allow the Commissioners further time, along with the  
23 Indiana State Police, to examine further the alleged  
24 Illinois Gaming Board report, as well as the response  
25 by Horseshoe to it.



1           And, secondly, as an agreement with John Wolf,  
2 since he provided us with the report, he asked that  
3 additional time be provided before any of this issue  
4 was taken up at this particular meeting. So we will  
5 schedule potentially some type of discussion  
6 surrounding these various reports at a future date.

7           With regard to riverboats, Grand Victoria  
8 Casino and Resort had the grand opening of its golf  
9 course last Friday. And contrary to popular rumor, I  
10 was unable to make it. For those who have not seen  
11 the course, it is located on the grounds of the  
12 resort, and it is a link style course, and it is a  
13 very attractive and nice feature to Rising Sun and to  
14 that resort.

15           Belterra is progressing with its construction,  
16 and we have a meeting planned for next Thursday, May  
17 18th, to confirm and hopefully finalize time lines as  
18 to when that particular project will be ready for  
19 opening.

20           Both Argosy and Conseco, two of the partners  
21 in the Indiana Gaming Company Limited Partnership,  
22 have advised that on April 28th, 2000, Conseco  
23 exercised its irrevocable put. Under the partnership  
24 agreement, the partnership procedures for determining  
25 the value, for lack of a better term, of the interests

1 of the partnership have commenced.

2 That would conclude my report, Mr. Chairman.  
3 Are there any questions?

4 CHAIRMAN VOWELS: Any questions for Mr. Thar?  
5 No? All right. Thank you, Mr. Thar.

6 The next on the agenda is old business. Is  
7 there any old business?

8 MR. THAR: None that we know of.

9 CHAIRMAN VOWELS: Under new business then, the  
10 first matter there are the rules, Rule 2000-15. And  
11 Miss Chelf?

12 MS. JENNIFER CHELF: Mr. Chairman and Members  
13 of the Commission, you have before you Resolution  
14 2000-15 and 2000-16.

15 MR. THAR: Jenny, could you state your name  
16 for the reporter?

17 MS. CHELF: Jennifer Chelf, C-h-e-l-f.

18 2000-15 and 2000-16 adopt as final rules  
19 Document 99-99 and 99-144 respectively. These rules  
20 were published as proposed rules in the Indiana  
21 Register, and they held a public hearing and accepted  
22 written public comments to these rules.

23 If the Commission adopts these resolutions,  
24 the rules will be forwarded to the office of the  
25 attorney general and the governor's office for review

1 and signature.

2 Are there any questions?

3 CHAIRMAN VOWELS: Any questions for Miss  
4 Chelf?

5 Thank you, Miss Chelf.

6 In front of us then we have Resolution 2000-15  
7 and Resolution 2000-16. We can take the two of these  
8 together unless anyone has any objection.

9 Is there a motion in reference to 2000-15 and  
10 2000-16?

11 MS. BOCHNOWSKI: I move we adopt Resolutions  
12 2000-15 and 2000-16.

13 CHAIRMAN VOWELS: All right. Is there a  
14 second?

15 DR. ROSS: Second.

16 CHAIRMAN VOWELS: Any further discussion?  
17 All those in favor of the adoption say aye.

18 (Unianimous Vote)

19 CHAIRMAN VOWELS: Show 15 and 16 are adopted.  
20 The next matter on the agenda are the  
21 occupational license matters. Cindy Dean?

22 MS. CYNTHIA DEAN: Yes, thank you, Chairman  
23 Vowels. The first occupational license matter  
24 concerns Laura Cardona. Miss Cardona was a cage  
25 cashier for Harrah's Casino beginning on or about

4 1 August 23rd, 1999. On or about November 15th, 1999,  
2 commission agents discovered that Miss Cardona had  
3 stolen approximately three thousand dollars from the  
4 casino while performing her duties as a cage cashier.

5 Miss Cardona voluntarily resigned from  
6 employment on November 16th, 1999. Miss Cardona  
7 admitted the theft and provided the statement to  
8 commission agents. The commission staff revoked Miss  
9 Cardona's temporary occupational license and denied  
10 her application for a permanent license due to the  
11 facts set forth above.

12 The commission staff recommends that the  
13 Commission uphold the revocation. If the Commission  
14 upholds the staff's recommendations, Miss Cardona will  
15 have the opportunity to appeal the matter to an  
16 administrative law judge.

17 CHAIRMAN VOWELS: All right. Then in front of  
18 us we have the Commission action on this revocation,  
19 and it's to either deny or approve the application.  
20 Is there a motion to deny or approve the application  
21 for the occupational license?

22 MR. SWAN: Move to deny.

23 CHAIRMAN VOWELS: Is there a second?

24 MR. DARKO: Second.

25 CHAIRMAN VOWELS: Any further discussion?

1 All those in favor of denying the application  
2 for the occupational license say aye.

3 (Unanimous Vote)

4 CHAIRMAN VOWELS: So it's denied. And then  
5 Miss Dean?

6 MS. DEAN: Thank you. The next occupational  
7 license matter concerns Jasmin Horton. Miss Horton  
8 was a cage cashier for Harrah's Casino beginning on or  
9 about September 28th, 1999. And in February of 2000,  
10 Harrah's terminated Miss Horton's employment because  
11 Harrah's security and commission agents gathered  
12 evidence, including her statement that she stole a  
13 thousand dollars from the casino while performing her  
14 duties as a cage cashier.

15 The commission staff revoked Miss Horton's  
16 temporary occupational license and denied her  
17 application for a permanent license. Due to these  
18 facts, the commission staff recommends that the  
19 Commission uphold the revocation, and Miss Horton  
20 would have the opportunity to appeal the matter to an  
21 administrative law judge.

22 CHAIRMAN VOWELS: All right. Is there a  
23 motion in reference to denying or approving the  
24 application for the occupational license?

25 MR. DARKO: Move to deny.

1 CHAIRMAN VOWELS: Is there a second?

2 MR. MILCAREK: Second.

3 CHAIRMAN VOWELS: Any further discussion?

4 All those in favor of denying the application  
5 for the occupational license say aye.

6 (Unanimous Vote)

7 CHAIRMAN VOWELS: And then Miss Dean?

8 MS. DEAN: Yes, thank you. The third  
9 occupational license matter concerns Kelly Livingston.  
10 Miss Livingston was a cage cashier for Magestic Star  
11 Casino beginning on or about August 18th, 1999. On  
12 December 9th, 1999, Majestic Star terminated her  
13 employment due to a theft executed by Miss Livingston  
14 in the amount of four hundred dollars while performing  
15 her duties as a cage cashier.

16 Miss Livingston admitted the theft to a  
17 commission agent. The commission staff revoked Miss  
18 Livingston's temporary occupational license and denied  
19 her application for a permanent license. The  
20 commission staff recommends that the Commission uphold  
21 the revocation. Miss Livingston would then have the  
22 opportunity to appeal to an administrative law judge.

23 CHAIRMAN VOWELS: All right. Is there a  
24 motion to deny or approve the application for the  
25 occupational license?

1 DR. ROSS: Move to deny.

2 CHAIRMAN VOWELS: Is there a second?

3 MR. CARLTON: Second.

4 CHAIRMAN VOWELS: Any further discussion?

5 All those in favor of denying the application  
6 say aye.

7 (Unanimous Vote)

8 CHAIRMAN VOWELS: Then, again, Miss Dean.

9 MS. DEAN: Yes. The next matter concerns Dale  
10 Scudder. Mr. Scudder was a slot technician for Grand  
11 Victoria Casino beginning on or about August 20th,  
12 1996. On or about November 7th, 1999, commission  
13 agents discovered that Mr. Scudder assisted a friend  
14 acting as a patron in falsely obtaining a hundred  
15 dollars from the casino.

16 Mr. Scudder admitted his involvement in this  
17 scheme. Mr. Scudder's employment was terminated on  
18 November 8th, 1999. The commission staff revoked Mr.  
19 Scudder's temporary occupational license and denied  
20 his application for a permanent license. The  
21 commission staff recommends the Commission uphold the  
22 revocation. Mr. Scudder would have the opportunity to  
23 appeal to an administrative law judge.

24 CHAIRMAN VOWELS: Is there a motion to deny or  
25 approve the application?

1 MR. MILCAREK: Motion to deny.

2 CHAIRMAN VOWELS: Is there a second?

3 MR. SWAN: Second.

4 CHAIRMAN VOWELS: Any further discussion?

5 All those in favor of denying the application  
6 for the occupational license say aye.

7 (Unanimous Vote)

8 CHAIRMAN VOWELS: And, Miss Dean, I believe  
9 you have one more.

10 MS. DEAN: Yes. This involves Latisha Wilson.  
11 Miss Wilson was a dealer for Harrah's Casino beginning  
12 on or about March 31st, 1997, until April of 1999.  
13 She returned to Harrah's as a dealer June 13th, 1999.  
14 On January 25th of 2000, Harrah's terminated her  
15 employment because commission agents gathered  
16 evidence, including Miss Wilson's confession that she  
17 had intentionally failed to collect losing bets and  
18 had incorrectly and intentionally paid losing bets.  
19 Miss Wilson estimated the cost to the casino of  
20 approximately three thousand dollars.

21 The commission staff revoked Miss Wilson's  
22 temporary occupational license and denied her  
23 application for a permanent license. The commission  
24 staff recommends that the Commission uphold the  
25 revocation, and Miss Wilson would then have the



1 opportunity to appeal to an administrative law judge.

2 CHAIRMAN VOWELS: Is there a motion to deny or  
3 approve the application?

4 DR. ROSS: Move to deny.

5 MR. DARKO: Second.

6 CHAIRMAN VOWELS: Any further discussion?

7 All those in favor of denying the application  
8 say aye.

9 (Unanimous Vote)

10 CHAIRMAN VOWELS: Thank you, Miss Dean.

11 MS. DEAN: Thank you.

12 CHAIRMAN VOWELS: And then the next matter is  
13 with Mr. Krause dealing with the occupational license  
14 matter of Kenneth Carter.

15 MR. JOHN KRAUSE: John Krause, K-r-a-u-s-e.

16 Thank you, Mr. Chairman and members of the  
17 Commission. The final occupational license matter is  
18 request for a felony disqualification waiver. The  
19 case number is CA-FEL-2000-01. This is involving Mr.  
20 Kenneth Carter.

21 Mr. Carter applied for an occupational  
22 license, Level 2, to work at Caesars Riverboat Casino  
23 on October 15, 1998. He was granted a temporary  
24 occupational license. While conducting a background  
25 investigation, the Commission determined that Mr.

5  
1 Carter had two felony convictions in 1965 and in 1970.  
2 As a result, Mr. Carter's temporary license was  
3 revoked on January 14, 2000. Mr. Carter then  
4 submitted a request for felony waiver form on January  
5 24, 2000.

6 Myself, serving as review officer, conducted a  
7 hearing on April 11, 2000, to hear Mr. Carter's  
8 request for felony waiver. He did appear pro se. In  
9 accordance with 68 IAC 2-4-9(c), the review officer  
10 issued a written findings of fact and recommendation  
11 of the Commission. And that recommendation is that  
12 Mr. Carter's felony waiver be approved.

13 If the Commission adopts this recommendation,  
14 the felony waiver request would be approved. If the  
15 Commission rejects, it would be to deny Mr. Carter's  
16 felony waiver.

17 CHAIRMAN VOWELS: Are there questions for Mr.  
18 Krause?

19 MR. DARKO: Do I understand the gentleman's  
20 explanation was he thought he only had to report  
21 felonies that were within the last ten years?

22 MR. KRAUSE: Yes, sir.

23 MR. DARKO: And he indicated he thought  
24 someone at Caesars had given him that information?

25 MR. KRAUSE: Yes, sir.

1 MR. DARKO: Have we verified that Caesars did  
2 not and would not give that information?

3 MR. KRAUSE: Yes, sir.

4 MR. DARKO: And have we also assured ourselves  
5 that the form that people fill out is adequate and  
6 there is no possible way that anybody can think there  
7 was a ten-year limitation on it?

8 MR. KRAUSE: I believe the form is adequate.  
9 I believe we can take steps to make it even more so  
10 adequate.

11 MR. DARKO: I agree with you that the form is  
12 adequate. Quite honestly, I have less concern about  
13 the felonies thirty and thirty-five years ago than I  
14 do about the gentleman's failure to put them down on  
15 the form.

16 I still agree with your bottom line  
17 recommendation, but I think that he was probably less  
18 than honest when he filled out the application.

19 MR. KRAUSE: Mr. Carter did put on his  
20 application a couple other convictions, and then  
21 when -- which would have fallen into that ten-year  
22 time frame. And then went it was discovered, he was  
23 extremely forthcoming with the information.

24 MR. DARKO: Thank you.

25 CHAIRMAN VOWELS: Any other questions for Mr.

5  
1 Krause?

2 MS. BOCHNOWSKI: Does Caesars still want him  
3 as an employee?

4 MR. KRAUSE: Yes. That is a condition to  
5 submitting the completed felony waiver application.

6 DR. ROSS: How long before now were the other  
7 two felony convictions?

8 MR. KRAUSE: They were in 1965 and 1970.

9 MS. BOCHNOWSKI: They weren't felony though;  
10 right?

11 DR. ROSS: The ones he reported.

12 MR. KRAUSE: They were in my --

13 CHAIRMAN VOWELS: I have it in front of me.  
14 It looks like a couple misdemeanors.

15 MR. KRAUSE: They were misdemeanors in '94.

16 MR. DARKO: He doesn't show the dates on his  
17 application. He shows child support.

18 CHAIRMAN VOWELS: There was a wreckless  
19 driving, a drunk driving that was reduced to a  
20 wreckless driving a few years ago; is that right?

21 MR. KRAUSE: Yes, in 1994. And in 1993, he  
22 had a public intoxication.

23 CHAIRMAN VOWELS: Okay. And then there was  
24 some child support problem about ten years ago, but --

25 MR. KRAUSE: That was absolutely -- we

1 investigated that. That was absolutely a computer  
2 error.

3 CHAIRMAN VOWELS: Okay. And it wasn't any  
4 criminal violation. It was probably just --

5 MR. KRAUSE: No.

6 CHAIRMAN VOWELS: Okay. All right. He has  
7 been -- it appears that his temporary license was  
8 revoked on January 14th, 2000. So for riverboat  
9 gaming purposes, he's been out of their employ since  
10 that time; is that right?

11 MR. KRAUSE: Yes.

12 DR. ROSS: Do you know if they would reemploy?

13 MR. KRAUSE: Yes, they would.

14 MR. DARKO: They were really highly appraisal  
15 of his work.

16 MR. KRAUSE: Yes, they were.

17 MR. MILCAREK: Is he currently working any  
18 place else?

19 MR. KRAUSE: Not currently.

20 CHAIRMAN VOWELS: Any other questions for Mr.  
21 Krause?

22 MR. MILCAREK: What has he been doing from --  
23 from the time he lost his job to now, how is he  
24 living?

25 MR. KRAUSE: His testimony was that they had

6 1 savings. His wife has been employed continuously for  
2 twenty some years. He's fifty-six years of age, and  
3 all he has done prior to his work at Caesars has been  
4 manual labor. His knees are bad, and he couldn't find  
5 work in the manual labor field.

6 Caesars -- additionally, Caesars had said  
7 that -- or personnel at Caesars had said that they  
8 were going to find a nongaming or a position that  
9 would not require a gaming license, but then they  
10 decided to wait to see what happened.

11 MR. MILCAREK: I just find it interesting that  
12 in today's job market from January until now that he  
13 hasn't looked for some type of employment, because he  
14 really didn't know how this was coming out. I would  
15 have got a head start on it myself. But I guess that  
16 doesn't have a lot of bearing.

17 CHAIRMAN VOWELS: Well, I tend to agree with  
18 Commissioner Darko that the problem here is the  
19 failure to report. And, Mr. Krause, you had answered  
20 the question that Caesars has told you that there  
21 wasn't any confusion on their part about this alleged  
22 ten-year rule.

23 It's been my experience a breakdown in  
24 communications can happen at any level, and I would be  
25 surprised if they would have admitted if somebody

1 would have said something along that line. But  
2 there's no basis to assume that other than what Mr.  
3 Carter has said.

4 I think the fact that he's not had employment  
5 with them for four months, if we suspended his license  
6 for four months and gave him good time credit, that  
7 would be sufficient. The point is is that he's  
8 obviously rehabilitated himself, and it's been thirty  
9 years since his last felony and quite a while since  
10 any other contact, and it was a misdemeanor type of  
11 contact.

12 Is there any other discussion?

13 MR. SWAN: I move to adopt the recommendation  
14 and approve the waiver.

15 MR. DARKO: Second.

16 CHAIRMAN VOWELS: Any further discussion?

17 All those in favor say aye.

18 (Unanimous Vote)

19 CHAIRMAN VOWELS: All right. Thank you, Mr.  
20 Krause.

21 Then the next matter on the agenda is with  
22 Miss Marsden, supply license matters.

23 MS. MICHELLE MARSDEN: Good morning. Before  
24 you is Resulotion 2000-17.

25 THE REPORTER: Could you speak up a little?

1 MR. THAR: Michelle, tell her your name.

2 MS. MARSDEN: I gave her my business card.

3 MR. THAR: Did you?

4 MS. MARSDEN: Yeah.

5 Before you is Resolution 2000-17 concerning  
6 the renewal of suppliers' licenses. On June 12th,  
7 1998, by Resolution 1998-19, the Indiana Gaming  
8 Commission granted suppliers' licenses to the  
9 following: Casino Data Systems, Logical Solutions  
10 International, Inc., Sigma Game, Inc. and Shuffle  
11 Master, Inc.

12 On May 14th of 1999, by Resolution 1999-14,  
13 state suppliers were granted a renewal of the  
14 suppliers' licenses. One of the conditions that are  
15 placed on the suppliers' licenses is they must request  
16 renewal of the supplier's license at least thirty days  
17 prior to its expiring according to 68 IAC 2-2-8.

18 The commission staff has received the request  
19 for the renewal of licensure and the renewal fees for  
20 the above named suppliers. Resolution 2000-17 will  
21 grant the renewal of the suppliers' licenses before  
22 you.

23 CHAIRMAN VOWELS: Any questions for Miss  
24 Marsden?

25 All right. We have in front of us this



1 Resolution 17 regarding granting the renewal of the  
2 suppliers' licenses. Is there a motion?

3 DR. ROSS: Move to renew.

4 CHAIRMAN VOWELS: Is there a second?

5 MS. BOCHNOWSKI: Second.

6 CHAIRMAN VOWELS: Any further discussion?

7 All those in favor say aye.

8 (Unanimous Vote)

9 CHAIRMAN VOWELS: Thank you, Miss Marsden.

10 The next matter on the agenda is, again,  
11 suppliers' license matters. Miss Dean?

12 MS. DEAN: Yes. Commissioners, you have  
13 before you Resolution 2000-18 concerning the request  
14 of Aristocrat, Inc. to change their name as a supplier  
15 licensee from Aristocrat, Inc. to Aristocrat  
16 Technologies, Inc.

17 Aristocrat states the purpose of the name  
18 change is to better reflect the company's technology  
19 based philosophy. Aristocrat has provided assurance  
20 to the Commission that no change of or transfer of any  
21 ownership interest, corporate structure or corporate  
22 officers and directors has occurred with the renaming  
23 of the company.

24 CHAIRMAN VOWELS: All right. Any questions  
25 then for Miss Dean?

1 In front of us then is the Resolution 2000-18,  
2 an action on the part of the Commission to grant or  
3 deny the request of Aristocrat to recognize their new  
4 name as the holder of the temporary supplier's  
5 license.

6 Is there is a motion to grant or deny?

7 MR. MILCAREK: Motion to grant the change.

8 CHAIRMAN VOWELS: All right. Any second?

9 DR. ROSS: Second.

10 CHAIRMAN VOWELS: Further discussion?

11 All those in favor of granting say aye.

12 (Unanimous Vote)

13 CHAIRMAN VOWELS: And then Miss Dean?

14 MS. DEAN: Yes, thank you. You have before  
15 you Resolution 2000-19 concerning the request of  
16 Mikohn Gaming Corporation to withdraw the supplier  
17 license of Progressive Games, Inc. Mikohn Gaming  
18 Corporation acquired Progressive Games, Inc. on or  
19 about September 2nd, 1998. By a letter dated February  
20 16th of 2000, Mikohn Gaming Corporation requested the  
21 Commission allow Mikohn to withdraw the license of  
22 Progressive Game, Inc. and continue to do business in  
23 the state of Indiana under the supplier licensee,  
24 namely, Mikohn.

25 CHAIRMAN VOWELS: All right. Any questions

7  
1 for Miss Dean?

2 Is there a motion to grant or deny the request  
3 to withdraw?

4 MS. BOCHNOWSKI: I move we grant the request  
5 to withdraw.

6 CHAIRMAN VOWELS: All right.

7 MS. BOCHNOWSKI: We allow them to withdraw.

8 MR. DARKO: Second.

9 CHAIRMAN VOWELS: Any further discussion?  
10 All those in favor say aye.

11 (Unanimous Vote)

12 CHAIRMAN VOWELS: It is approved.

13 The next matter on the agenda is still with  
14 Miss Dean.

15 MISS DEAN: Yes, thank you. Disciplinary  
16 Complaints No. 2000-TR-1 and 2000-NAV-1 involve Trump  
17 Casino and North American Video. The disciplinary  
18 matters brought by the commission staff against Trump  
19 Indiana and an applicant for the supplier's license,  
20 North American Video, concern the same matter.

21 The disciplinary action stated that between  
22 the dates of June 7th, 1999, and June 11th, 1999, two  
23 employees of North American Video boarded the Trump  
24 Riverboat to install surveillance equipment that Trump  
25 purchased from North American Video.

1 North American Video submitted its application  
2 for an Indiana supplier's license on June 4th, 1999.  
3 North American Video had not received a temporary or  
4 permanent supplier's license in the state of Indiana  
5 which would allow them to do business with the Indiana  
6 riverboats.

7 The boarding and services provided to Trump by  
8 the two North American Video employees violated  
9 Indiana Code 4-33-7-4(a), which states riverboat  
10 licensees shall not purchase goods or services covered  
11 by this rule from a person who does not hold a  
12 supplier's license issued by the Commission, and 68  
13 IAC 2-2-1(c) which states the following persons or  
14 business entities are entitled to hold a supplier's  
15 license, (4), a supplier of security services,  
16 security systems and surveillance systems.

17 The Commission filed two disciplinary actions  
18 on January 24th, 2000, against Trump and North  
19 American Video. Mr. Bruce McKey, general manager of  
20 Trump Indiana, and Executive Director Thar have signed  
21 a settlement agreement awaiting Commission approval  
22 with respect to the action against Trump. The  
23 commission staff recommends Trump pay a monetary fine  
24 in the amount of two thousand dollars.

25 With respect to the disciplinary action

1 against North American Video, North American Video, by  
2 counsel, Chris LaMonica, has requested to withdraw its  
3 application in accordance with 68 IAC 2-2-4(d).

4 The commission staff requests that the  
5 Commission consider these matters separately with  
6 respect to approving or disapproving the settlement  
7 agreement signed by Trump and Executive Director  
8 Thar, then address the request of North American Video  
9 to withdraw its application to do business in the  
10 state of Indiana with all fees currently paid to the  
11 Commission on Resolution 2000-20.

12 CHAIRMAN VOWELS: Any questions then for Miss  
13 Dean?

14 We'll take these separately. The Complaint  
15 No. 2000-TR-1, is there a motion to approve the  
16 proposed terms of the settlement agreement, approve or  
17 disapprove the motion?

18 MR. MILCAREK: I move to approve the  
19 settlement agreement.

20 CHAIRMAN VOWELS: Okay. Is there a second?

21 MS. BOCHNOWSKI: I'll second it.

22 MR. MILCAREK: Is there any further  
23 discussion?

24 All right. All those in favor say aye.

25 (Unanimous Vote)

1 CHAIRMAN VOWELS: The settlement agreement is  
2 approved.

3 And then let's look at Resolution 2000-20,  
4 which concerns North American Video, Inc.'s request to  
5 withdraw their application. Is there a motion to  
6 grant or deny their request to withdraw the  
7 application?

8 MR. SWAN: Move to grant.

9 CHAIRMAN VOWELS: Is there a second?

10 DR. ROSS: Second.

11 CHAIRMAN VOWELS: Is there any further  
12 discussion?

13 All those in favor say aye.

14 (Unanimous Vote)

15 CHAIRMAN VOWELS: All right. Thank you, Miss  
16 Dean.

17 MS. DEAN: Thank you.

18 CHAIRMAN VOWELS: And then the next matter on  
19 the agenda is with Mr. Thar, the Grand Victoria/Hyatt  
20 financing issue.

21 MR. THAR: Yes. Thank you, Mr. Chairman.  
22 Grand Victoria Casino and Resort has requested  
23 permission to seek bank financing not to exceed  
24 sixty-five million dollars. It would replace present  
25 financing be provided, I believe, by Hyatt. It was a

1 part of its original agreement with this Commission  
2 when the license was first issued to come in as a  
3 financier of the project and subsequently seek an  
4 ownership position, which, of course, they have  
5 subsequently sought and been granted to have.

6 Present is Mr. Dan Azark for Hyatt.

7 Dan, do you have anything you'd like to  
8 address the Commission on with regard to this  
9 financing issue?

10 MR. DANIEL AZARK: Dan Azark on behalf of  
11 Grand Victoria Casino. What we're seeking, as  
12 Director Thar has suggested, is a revolving credit  
13 facility of up to sixty-five million dollars at a  
14 favorable rate of interest for a five-year term. The  
15 terms of the agreement have been provided to the  
16 Commission, and I'd be happy to answer any questions  
17 you might have.

18 CHAIRMAN VOWELS: Are there any questions by  
19 the commissioners?

20 MR. DARKO: Do you know who the lender is yet?

21 MR. AZARK: The primary lender is Wells Fargo.  
22 Wells Fargo is the leading bank, in for forty million  
23 dollars. I think First Security is in for fifteen.  
24 I'm sorry. National City is for fifteen and First  
25 Security for five. We're seeking another five million

1 dollars, probably from Bank of the West, if they  
2 choose to come in.

3 We're looking -- whether they're in or not  
4 won't change the terms of the agreement. It doesn't  
5 dramatically affect the leverage that it would be  
6 putting on the table.

7 MR. DARKO: Do you know whether competitive  
8 terms would have been available from Indiana based  
9 lenders?

10 MR. AZARK: These are very favorable terms  
11 that would not be available.

12 MR. DARKO: Thank you.

13 MR. AZARK: You're welcome.

14 MR. THAR: Mr. Azark, are you also requesting  
15 a waiver of the two meeting rule?

16 MR. AZARK: Yes, sir.

17 MR. THAR: And could you explain to the  
18 Commission why?

19 MR. AZARK: We'd like to have this facility  
20 closed by the end of the month in the event you would  
21 waive the two meeting rule. We've been working  
22 towards that and respectfully request that you make  
23 that determination.

24 MS. BOCHNOWSKI: Would that be a separate  
25 motion then?



1 MR. THAR: It's part of the --

2 MS. BOCHNOWSKI: Part of it?

3 MR. THAR: -- resolution that has been  
4 prepared. From a staff point of view, we find this  
5 pretty straightforward. And the dollar amount is --  
6 while it's high, in the casino business, it's low.  
7 And the rates do seem as favorable as any that anybody  
8 is getting. So from a staff point of view, we do not  
9 have a problem with waiving the rule, as it seems  
10 pretty straightforward.

11 CHAIRMAN VOWELS: And, of course, the license  
12 is not subject to --

13 MR. SWAN: Not encumbered in any way.

14 CHAIRMAN VOWELS: Right.

15 MR. THAR: And we did receive a legal opinion,  
16 hopefully a copy of which is in your packet.

17 CHAIRMAN VOWELS: Okay. Are there any other  
18 questions? Then in front of us is Resolution 2000-21  
19 concerning the financing by Grand Victoria Casino and  
20 Resort, LP. It's in two parts. As you see on the  
21 second page, request for the waiver of the two meeting  
22 rule, that needs to be addressed to approve or  
23 disapprove. And then if that is approved, then to  
24 approve or disapprove Grand Victoria's request for the  
25 secured loan in the amount of up to sixty-five million

1 dollars.

2 Is there a motion to take all of that into  
3 one?

4 MR. DARKO: I'll move to approve waiving the  
5 two meeting rule and also move to approve the  
6 financing.

7 CHAIRMAN VOWELS: All right. Is there a  
8 second?

9 MS. BOCHNOWSKI: Second.

10 CHAIRMAN VOWELS: Is there any further  
11 discussion?

12 All right. All those -- I'm sorry.

13 MR. THAR: Just one point I would point out,  
14 if I may. Should the Commission vote to approve, it  
15 is subject to final approval of the terms of the final  
16 draft and documents by staff. Is that understood by  
17 Grand Victoria? Okay.

18 CHAIRMAN VOWELS: And that is the language of  
19 the resolution that is in front of us. That is  
20 subject to review and approval of the terms of the  
21 final draft and associated documents by commission  
22 staff.

23 All right. So in front of us we have then the  
24 motion to approve the waiver and approve the loan. Is  
25 there any further discussion?

1 All those in favor say aye.

2 (Unanimous Vote)

3 CHAIRMAN VOWELS: It is approved. Thank you.

4 MR. AZARK: Thank you very much. I'd like to  
5 also extend an offer to come down and see the first  
6 casino golf course in Indiana. It's a beautiful  
7 facility, and please come down and see it.

8 CHAIRMAN VOWELS: Thank you.

9 MR. AZARK: Thank you very much.

10 CHAIRMAN VOWELS: The next matter on the  
11 agenda is back with Mr. Krause. It is the Aztar bond  
12 reduction issue.

13 MR. KRAUSE: Members of the Commission, this  
14 is an action on the request to reduce letter of  
15 creditor Casino Aztar. Submitted to the Commission --  
16 and you should have copies -- are receipts from the  
17 city of Evansville reflecting payments made by Casino  
18 Aztar, four payments in identical amounts.

19 November 30th, 1999, January 5th, 2000,  
20 January 31st, 2000 and March 30th of 2000, Casino  
21 Aztar made a payment of one hundred and four thousand  
22 one hundred sixty-six dollars and sixty-seven cents to  
23 fulfill obligations that were secured by a letter of  
24 credit.

25 Casino Aztar is now asking that their letter

9  
1 of credit be reduced in the amount of four hundred and  
2 sixteen thousand six hundred and sixty-six dollars and  
3 sixty-eight cents.

4 CHAIRMAN VOWELS: Any questions then for Mr.  
5 Krause?

6 MR. DARKO: Maybe I'm reading the resolution  
7 wrong. Right above where it says it is so ordered, it  
8 says to reduce letter of credit -- I see -- in a total  
9 amount. Okay. So it's reduced by that amount.

10 MR. KRAUSE: Yes.

11 MR. DARKO: Thank you.

12 CHAIRMAN VOWELS: All right. Is there  
13 anything further?

14 MR. SWAN: Move to approve.

15 CHAIRMAN VOWELS: All right. Is there a  
16 second?

17 MS. BOCHNOWSKI: Second.

18 CHAIRMAN VOWELS: Any further discussion?

19 All those in favor of the action say aye.

20 (Unanimous Vote)

21 CHAIRMAN VOWELS: All right. Thank you, Mr.  
22 Krause.

23 And then the next matter on the agenda is with  
24 Mr. Thar dealing with Caesars.

25 MR. THAR: Yes. We have a couple of different

9  
1 agenda items that will come up with Caesars. They  
2 concern both a report by Caesars concerning their  
3 minority business and women owned business activities  
4 as they pertain to the action plan that was approved  
5 by this Commission in November and that they have been  
6 updating.

7 In addition, they have sent to us, which we  
8 have forwarded to you, a proposed amendment to the  
9 development agreement that Caesars has with Harrison  
10 County. Mr. Ron Gifford is here with Barry Morris and  
11 Tom Brosick, and I would ask Mr. Gifford if he would  
12 step forward and advise the Commission as to how you'd  
13 like to proceed with these matters and in which order,  
14 since we're being flexible today.

15 MR. RONALD GIFFORD: Well, thank you. I think  
16 we'll take them in the order on your agenda. Mr.  
17 Morris will address the MBE/WBE issues first.

18 CHAIRMAN VOWELS: And, Mr. Morris, welcome to  
19 the meeting here today. Some of the commissioners  
20 weren't at the last meeting that you were introduced,  
21 and so I'll just lead in with the fact that you are an  
22 honorary Hoosier.

23 MR. BARRY MORRIS: Yes, I am. I married one.  
24 And a lovely woman she is, too.

25 MR. DARKO: That will get you nowhere.

1 MR. MORRIS: Mr. Chairman, members of the  
2 Commission, Mr. Thar and other staff members, good  
3 morning. I'm Barry Morris, and I'm the general  
4 manager of Caesars Indiana.

5 In November, the Commission directed Caesars  
6 to implement a plan of action to address Caesar's  
7 shorcoming in the amount of business it did with  
8 minority and women owned businesses. As you know,  
9 shortly thereafter, Park Place acquired the property.

10 Since that time, we have been very aggressive  
11 in our efforts to meet the statutory requirements.  
12 Park Place has a longstanding corporate commitment to  
13 doing business with minority and women owned  
14 businesses. We have combined that commitment with  
15 specific steps in the action plan to address the issue  
16 that you raised with Caesars last fall.

17 We are pleased to report we have made great  
18 strides in complying with our goal. Prior to the  
19 Commission joining us, we placed the action plan and a  
20 brochure in front of each of your seats. For the past  
21 few months, we have sent you a monthly report of our  
22 progress under the action plan.

23 You have before you the report dated May 11,  
24 2000, covering our activities through April of this  
25 year. I'd like to go over that report with you in

1 some detail, but first I'd like you to turn to Pages 9  
2 and 10, which are charts showing our cumulative  
3 MBE/WBE expenditures in 1999 and 2000.

4 As you can see, in 1999, we spent a total of  
5 thirteen point six percent combined on MBE and WBE  
6 expenditures, just above four percent on MBE's and  
7 just above nine percent on WBE's. This year, through  
8 April, we have spent eleven point seven percent on  
9 MBE's and ten point five on WBE's, with a cumulative  
10 percentage of twenty-two point one percent. In  
11 dollars, we have spent a total of four point six  
12 million year to date on MBE's and WBE's, as shown on  
13 Pages 11 through 13.

14 There are two components to these  
15 expenditures, construction and operation. On Page 3  
16 of the report, we listed construction contracts that  
17 we've entered into this year with MBE companies. Last  
18 week, we signed a contract with Smoot Construction, an  
19 Indiana based minority owned business, to serve as the  
20 general contractor for construction of our hotel.  
21 This contract with Smoot Construction is worth roughly  
22 forty million. As a result of these relationships, we  
23 believe that we will meet our goals on the  
24 construction side of the project.

25 And on an aside, I'm happy to tell you that

1 next Wednesday is the official groundbreaking for the  
2 hotel. As recently as Wednesday of this week, we  
3 signed a contract for the purchase of golf course land  
4 in Harrison County. And we're also moving ahead with  
5 the pavilion. We awarded the contract to Harmon  
6 Construction for the construction of the Portico, fine  
7 dining venue. And within the last ten days, Smoot  
8 Construction were also awarded a contract. So we have  
9 two ventures, both of which went to minority owned  
10 businesses.

11 On the operation side of our business,  
12 our year to date show expenditures of eleven point one  
13 percent with MBE's and fifteen point four with WBE's.  
14 In addition to these efforts, we are planning to enter  
15 into a food service contract with HMR Enterprises, an  
16 Indiana based minority woman owned business. HMR  
17 supplies paper goods and other products to us.

18 We been helping HMR develop a mentoring  
19 relationship with one of our national suppliers that  
20 will allow HMR to expand its food distribution  
21 business. HMR is seeking state certification as a  
22 food supplier. And as soon as that certification is  
23 granted, which we understand will happen shortly, we  
24 will contract to conduct a minimum of fifty percent of  
25 our total food business with HMR. This will represent



1 purchases of approximately two million dollars a year  
2 for HMR alone.

3 With your permission, I'd like to briefly walk  
4 through our MBE/WBE business development action plan  
5 to show you what else we've been doing this year. As  
6 you can see, the action plan itself is in black ink,  
7 and our efforts to implement those plans are shown in  
8 red.

9 Beginning on Page 1, in late December, we  
10 hired Pandora Sears as our MBE/WBE business  
11 development coordinator. Pandora's job  
12 responsibilities are set out on the first two pages.  
13 With Pandora's help, we developed a strategic source  
14 and plan to create this brochure right here describing  
15 our MBE/WBE business enterprises opportunities  
16 program.

17 As you may see, the brochure is describing  
18 goods and services that we regularly purchase. It  
19 provides information on the Indiana MBE/WBE  
20 certification program, and it lists our purchasing  
21 contact people. This brochure is distributed at  
22 vendor fairs, workshops, community meetings and  
23 elsewhere to make business owners aware of our  
24 opportunities.

25 One of Pandora's primary responsibilities is

1 communication and outreach to the minority business  
2 community. On Pages 6 and 7 of the report, you'll see  
3 a listing of many of the events that Caesars has  
4 either sponsored or participated in. I'd like to  
5 highlight a few.

6 In February, more than seventy minority  
7 business owners attended Bridge the Gap at our  
8 facility. At Bridge the Gap, we explained our hotel  
9 and other construction projects. The Department of  
10 Administration's Minority Business Development Office  
11 was also there to explain the Indiana certification  
12 process. The NAACP and the Kentucky Minority Supply  
13 Development Council also were in attendance that day.

14 In early April, we hosted a business  
15 opportunity workshop at our facility for nearly one  
16 hundred minority business owners. State officials  
17 also attended this workshop, too. This summer, at our  
18 property, we will host the first casino industry trade  
19 fair. It will feature representatives from most of  
20 the Indiana riverboats and vendors from all across the  
21 state.

22 On Pages 7 and 8 of our action plan, you will  
23 also see descriptions of three innovative programs  
24 that we are committed to pursuing. The first program  
25 is supplier development. This program is designed to

1 bring flexibility to our business relationships with  
2 minority vendors. Our relationship with HMR arose  
3 from these efforts.

4 Next, our MBE/WBE advisory council meets on  
5 the second Tuesday of each month at the riverboat.  
6 They give us feedback and suggestions on our efforts.  
7 So we met as recently as Tuesday of this week.  
8 Those committee members are listed on Page 8 of our  
9 report. They have been extremely helpful to us in  
10 identifying programs and business opportunities with  
11 minority vendors.

12 Finally, our second tier program is now under  
13 way. We have asked all the vendors with whom we do  
14 more than one hundred thousand dollars worth of  
15 business annually to use certified MBE or WBE  
16 suppliers and to report their purchases with those  
17 suppliers to us.

18 We continue our outreach efforts to other  
19 members of the community. After the Commission's  
20 hearing in November, Caesars representatives met with  
21 the Reverend Louis Coleman and representatives of the  
22 National Black Chamber of Commerce to enlist the  
23 assistance of those organizations in our efforts.

24 At Park Place's request, a meeting was  
25 scheduled earlier this year with Chamber reps in and

1 their attorney, Mr. Neil Lucas. This meeting was to  
2 take place in Atlantic City. Based on scheduling  
3 conflicts, that meeting has now been set for May 25th  
4 at Bally's Park Place in Atlantic City.

5 Executive level management from Park Place  
6 will be meeting with this group, including Wally Barr,  
7 Bernie DeLury, John Wallis, Radenia Gilliam-Moore, our  
8 our senior VP in public relations, and, schedules  
9 permitting, I plan to attend that meeting.

10 The purpose of this meeting is to open lines  
11 of communication between the two organizations,  
12 introduce key decisionmakers in the respective  
13 organizations to each other and for us to understand  
14 how the chamber can help us meet out MBE and WBE  
15 goals.

16 We hope that after this meeting, the chamber  
17 will agree to work with us, help us expand our  
18 business with competitive qualified MBE and WBE  
19 companies so as to achieve our mutual economic  
20 benefits.

21 In conclusion, I'd like to simply say this.  
22 Although Park Place wasn't here before you, the  
23 Commission, last addressed this issue, we want you to  
24 know that we take this issue extremely seriously. Our  
25 report to you demonstrates that we made substantial

1 progress in the past six months. We pledge to you  
2 that we are dedicated to building upon the results  
3 that we have shown today and look forward to  
4 demonstrating our ongoing commitment.

5 Thank you very much. I'll be happy to take  
6 questions.

7 CHAIRMAN VOWELS: Thank you, Mr. Morris.

8 Any questions for Mr. Morris?

9 All right. Thank you, Mr. Morris;

10 MR. MORRIS: Thank you.

11 MR. THAR: I would. Mr. Morris?

12 MR. MORRIS: Sir.

13 MR. THAR: You mentioned HMR as a food  
14 provider.

15 MR. MORRIS: Yes.

16 MR. THAR: Who are they?

17 MR. MORRIS: HMR is a business organization  
18 based out of Indiana. They are a woman and minority  
19 owned business. They to date have been a trucking  
20 company. They also moved around paper goods and items  
21 such as that. They're now looking to grow. We hope  
22 to be able to give them some financial aid. They're  
23 just a small business looking to grow, and we hope to  
24 be able to use them.

25 MR. THAR: That then ties in to that two

1 million dollars that the Commission has requested or  
2 directed Caesars to make available for minority and  
3 women owned business and money that could go towards  
4 that. And we do have that draft which has been  
5 submitted by Caesars to us, and has sat on my desk for  
6 some periods of time to look at, too, as a part of  
7 this.

8 They are an Indiana business?

9 MR. MORRIS: Yes.

10 MR. THAR: Do you know if they warehouse food?

11 MR. MORRIS: I'm not aware of that at this  
12 point. The whole negotiations are being run out of  
13 the Atlantic City office. John Wallis is here today.  
14 If you have specific questions, I'm sure he'd be happy  
15 to answer them.

16 MR. THAR: Maybe rather than in this forum, we  
17 could ask specific -- for some specific information  
18 about the company at a later date.

19 MR. MORRIS: Certainly.

20 CHAIRMAN VOWELS: All right. Any other  
21 questions of Mr. Morris?

22 Thank you, Mr. Morris.

23 MR. MORRIS: Thank you.

24 MR. GIFFORD: Good morning. My name is Ron  
25 Gifford with Baker & Daniels, and I'll talk about the

11 1 amendment, the second amendment to the development  
2 agreement with Harrison County, which I believe the  
3 Commission has been provided.

4 MR. THAR: Maybe if I could -- and I'm sorry.  
5 But since we are talking about the MBE/WBE issues, we  
6 had received a request from Reverend Coleman to speak  
7 on this issue today, although for some reason, I don't  
8 see him.

9 Is Reverend Coleman present or anybody on his  
10 behalf?

11 CHAIRMAN VOWELS: There has been some  
12 arrangements that he will meet with your people in  
13 Atlantic City; is that right?

14 MR. GIFFORD: The meeting in Atlantic City  
15 right now, I don't know if Reverend Coleman is able to  
16 attend that. That meeting is with Neil Lucas and  
17 Robert Webster and I understand Harry Alford. And I'm  
18 not sure if Reverend Coleman is going to be a part of  
19 that specific meeting or not. There have been  
20 meetings between Caesars representatives and Reverend  
21 Coleman since the Commission's meeting in November.

22 MS. BOCHNOWSKI: People meaning? Can you  
23 describe who they are, exactly who are meeting, I  
24 mean, those names?

25 MR. GIFFORD: Coming up in May?

1 MS. BOCHNOWSKI: Yes.

2 MR. GIFFORD: The National Black Chamber of  
3 Commerce, Mr. Harry Alford -- I think you're familiar  
4 with them -- and their attorneys, both of who are  
5 located in here in Indianapolis, Neil Lucas and Robert  
6 Webster.

7 On the Park Place side, Wally Barr is the  
8 executive vice president, who some of you met at the  
9 last meeting. Bernie DeLury is senior VP and counsel.  
10 John Wallis, who is our national head of purchasing  
11 and handles the MBE and WBE issues in Indiana and some  
12 other locations from a purchasing perspective.

13 And the purpose of this meeting -- this  
14 meeting was to have occurred -- it had been planned in  
15 February or March. And then scheduling problems with  
16 the attorneys' schedules and stuff bumped it to May.  
17 The purpose is to sit down and talk through some  
18 issues that the Chamber had raised, questions about  
19 really I think coming out of those -- that discussion  
20 and conversation in November before the Commission.

21 From Park Place's side, we are very eager to  
22 work with the Chamber and to understand the kinds of  
23 resources and assistance it might bring to Park Place  
24 and to Caesars in terms of assisting us and  
25 identifying business we're going to do with MBE and



12 1 WBE. So that's the purpose of this meeting.

2 CHAIRMAN VOWELS: And you've had some recent  
3 discussions with Reverend Coleman, haven't you, about  
4 today's meeting?

5 MR. THAR: Not discussions, but we have had  
6 correspondence.

7 CHAIRMAN VOWELS: Okay.

8 MR. THAR: And we had anticipated that he  
9 would be here. So maybe I might suggest if we go  
10 ahead and progress on, should he have been detained  
11 for one reason or another and he arrive late, we'll  
12 return to that issue.

13 CHAIRMAN VOWELS: Fine.

14 MR. THAR: Thank you. Sorry for interrupting.

15 MR. GIFFORD: The second amendment to the  
16 development agreement is actually in large part a  
17 document that you looked at I think in August of 1999  
18 with a couple of changes. And I'd like to highlight  
19 these changes.

20 At that point when you were considering the  
21 first amendment, I think Commissioner Swan raised a  
22 question about a change in Exhibit F, which dealt with  
23 allocation of the revenue sharing dollars between  
24 Floyd County and Harrison County.

25 As the agreement currently stands, Caesars

1 contributes a certain percentage of AGR on a sliding  
2 scale to both Harrison and Floyd Counties,  
3 seventy-five percent of those revenues to the Harrison  
4 County Community Foundation and twenty-five percent to  
5 the Caesars Riverboat Foundation which is for the  
6 benefit of Floyd County.

7 And in discussions with parties, had decided  
8 to talk about what would happen if Floyd County  
9 obtained gaming. And the agreement was that if gaming  
10 came to Floyd County, that that twenty-five percent  
11 allocation to Floyd County would cease. And I think  
12 there was some confusion as to what would happen with  
13 that.

14 And to clarify, to make the parties' intent  
15 clear, we changed that language a little bit to make  
16 it absolutely clear that in that event, the  
17 twenty-five percent reverts to Harrison County. In  
18 other words, one hundred percent of the allocation  
19 would go to Harrison County pursuant to the terms of  
20 the development agreement.

21 There would be no distribution, and Caesars  
22 contribution under the development agreement in that  
23 event would be just a reallocation of those dollars.  
24 So Exhibit F, there's a newly stated Exhibit F, this  
25 document, which clarifies that.

1           And then one issue that wasn't brought before  
2 you, but that timing purposes made sense to bring it  
3 at this time, deals with the water utility. Under the  
4 old development agreement in Harrison County, Caesars  
5 was to build and contribute improvements to the water  
6 utility in the town of Elizabeth and then would  
7 actually contribute that utility to the town.  
8 Caesars would build it. And on the agreement, this is  
9 actually Section 3 of the agreement.

10           The new change, which is the result of an  
11 agreement between the town of Elizabeth and Caesars,  
12 is that the town would build the water utility  
13 improvements; Caesars will pay for those improvements.  
14 There is a new exhibit, a restated exhibit, again, in  
15 this agreement which lays out the current construction  
16 estimate and the like.

17           That estimate today is three million dollars,  
18 about four hundred thousand dollars of which is  
19 already in existing equipment that Caesars has  
20 purchased and will contribute to the town of  
21 Elizabeth. And Caesars has agreed to pay the  
22 additional cost, which we currently estimate at about  
23 two point six million dollars.

24           And the arrangement with the town is already  
25 under way. Its engineering firm has developed the

12 1 plans for the water utility. The arrangement will be  
2 that we will have an escrow account set up with, I  
3 believe, Bank One in Harrison County. Invoices, the  
4 town will effectively present invoices to Caesars.  
5 There will be a dual signature, a countersignature, a  
6 check system with the escrow account. So the town  
7 will build it, and we would pay for it. And, again,  
8 no diminution in contribution by Caesars; simply a  
9 restatement of the roles and responsibilities.

10 We submitted to you an unexecuted copy.  
11 Because of timing, Harrison County Commissioners  
12 actually meet next on Monday, May 15th. But in  
13 conversations with the county attorney, I understand  
14 there are no problems with their executing this  
15 agreement, and the plans for that cap on Monday.

16 There are other signatories to this Community  
17 Foundation as the third party beneficiary. We  
18 understand there are no problems there. And with the  
19 town of Elizabeth, a conversation with their attorney.  
20 So the request to you is for approval of the amendment  
21 to the development agreement subject to our submitting  
22 an executed copy to staff within a reasonable amount  
23 of time after this meeting.

24 MS. BOCHNOWSKI: I'm sorry. Did you say there  
25 were problems with them doing this on Monday or there

1 were no problems?

2 MR. GIFFORD: We anticipate no problems.

3 MS. BOCHNOWSKI: Okay.

4 CHAIRMAN VOWELS: Any questions for Mr.  
5 Gifford? Mr. Thar, any?

6 MR. THAR: A couple of things I would point  
7 out. The first one is is that we did receive a letter  
8 from the town of Elizabeth which was forwarded to the  
9 commissioners which is very favorable in view of the  
10 local utility plan now contained in this second  
11 amendment. I would agree that Exhibit F does clarify  
12 issues caught by Commissioner Swan the last time this  
13 was presented.

14 The other thing, and I don't know if the  
15 resolution states it directly, but it certainly should  
16 be implied within the resolution, if not required by  
17 the Commission to be put in there, but should the  
18 Commission approve this agreement, that would also be  
19 subject to approval by the Harrison County  
20 commissioners, which is not in here, since it's an  
21 amendment of their agreement with you. So I would  
22 point those items out.

23 CHAIRMAN VOWELS: So what you're suggesting is  
24 that our granting this request be conditioned upon the  
25 subsequent approval then of the county commissioners?

1 MR. THAR: Because if they don't approve it,  
2 when you think about it, this is an agreement between  
3 Caesars and them. We monitor those agreements. We  
4 are giving our approval to this agreement prior to  
5 them coming to us saying we have an approved  
6 agreement. But because of the timing of our meetings,  
7 it's kind of necessary.

8 So it's kind of like saying should the  
9 Harrison County commissioners decide they don't want  
10 to amend their agreement in this fashion, then our  
11 approval of it would become null and void. So it  
12 should be subject to their approval.

13 MS. BOCHNOWSKI: That can be in the wording  
14 then. Okay.

15 CHAIRMAN VOWELS: Any other questions then?  
16 All right. With that in mind, that there will be some  
17 additional language in this resolution in reference to  
18 it being conditioned upon the subsequent approval of  
19 the Harrison County commissioners, is there a motion  
20 to grant or deny the request of Harrison County to  
21 this second amendment?

22 MR. SWAN: Just one thing. On this Exhibit F,  
23 is that the only thing that was changed? I don't  
24 recall those percentages from the adjusted gross  
25 revenues. Those all remain the same?

1 MR. GIFFORD: That's exactly right. The only  
2 changes made on Exhibit F was on that very last  
3 paragraph of the exhibit talking about the allocation.

4 MR. SWAN: Move to approve, or grant, I guess  
5 it is.

6 CHAIRMAN VOWELS: Is there a second?

7 DR. ROSS: Second.

8 CHAIRMAN VOWELS: Any further discussion?

9 All those in favor of granting the request  
10 say aye.

11 (Unanimous Vote)

12 CHAIRMAN VOWELS: It is granted.

13 Thank you.

14 MR. THAR: I think we need to return to the  
15 MBE/WBE issue for a bit, and that is to turn our  
16 attention for a moment to the fax that I forwarded to  
17 you. It's the fax of November 24th, 1999, which  
18 contains a draft of that date of a memorandum of  
19 agreement which would be between RDI Caesars and the  
20 Indiana Gaming Commission which would reflect the two  
21 million and potentially two more million dollars which  
22 would be put into a fund for the purpose of developing  
23 MBE's and WBE's which would service primarily Caesars  
24 Riverboat Casino.

25 We have provided this to the Commission so

1 that you can get an idea as to the form and decide one  
2 of a couple of things, which I don't think need a  
3 resolution, but more of a direction. And that is, is  
4 this agreement capturing what the Commission had  
5 thought at the time that they decided to put this  
6 together?

7 And, Dr. Ross, I might direct to you at first  
8 as to whether or not this is capturing the concept  
9 that you had when we were -- when this was put in  
10 place in November of 1999.

11 DR. ROSS: Yes, it does. Although I was on  
12 the committee and they didn't consult me, I still  
13 think it does.

14 MR. THAR: I'm sorry. I didn't hear.

15 DR. ROSS: I said I was on the committee.  
16 They didn't consult me, but they did a good job  
17 without me.

18 MR. THAR: Unfortunately, this is, again, to  
19 be hung on my shoulders. The committee has not yet  
20 met, so --

21 MR. DARKO: They didn't consult anybody.

22 MS. BOCHNOWSKI: Committee of one.

23 MR. THAR: So what we have tried to do as the  
24 staff is to start out with some terms of an agreement  
25 here that would get the money in position, and then



1 get the committee to meet. It was difficult during  
2 the legislature, so I kind of put this off. And the  
3 timing then is bad, because it's on my part for the  
4 delay.

5 There's obviously a couple of dates that need  
6 to be changed. My guess is, Ron, that the money has  
7 not been set aside. I mean, while the money is  
8 available, it has not yet been set aside; is that  
9 correct?

10 MR. GIFFORD: That's correct.

11 MR. THAR: So we would need to change those  
12 dates. If this is capturing the concept of the  
13 Commission, which is what I really need to know, then  
14 with Commission permission, we as a staff will  
15 finalize this with Caesars over the next couple of  
16 weeks and then get this imlemented and get the  
17 committee called together to meet.

18 MR. SWAN: So in essence, we have said to  
19 Caesars that you guys are running behind on your  
20 MBE/WBE efforts. We are trying to provide you a means  
21 of moving forward to get to our statutory goal of the  
22 ten percent and five percent, and this is one way we  
23 see of helping them get this job done.

24 MR. THAR: It's one way, yes, of doing that.  
25 Or in the alternative, if Caesars does not make a good

1 faith effort to progress forward -- if it does make a  
2 good faith effort to progress forward, this money  
3 could then very well be applied when it is utilized,  
4 to the extent it is utilized, towards attaining the  
5 MBE/WBE goal.

6 If they do not make a good faith effort, then  
7 what this agreement is supposed to further lay out is  
8 that this money would not be counted even if it was  
9 expended in that way. Then it becomes financially  
10 punitive in some ways, but in the area in which  
11 they're supposed to be striving to hit those  
12 percentage goals anyway.

13 MR. SWAN: But part of the attack in this  
14 document is to address those vendors with whom they  
15 will use a hundred thousand dollars and more of  
16 business and say to them we would like for you to use  
17 MBE and WBE suppliers for your business whether it's  
18 directly with us or not. We want you to build this  
19 MBE/WBE portfolio out in the business world even if  
20 it's not directly on this project.

21 MR. THAR: Primarily for this project. But if  
22 it benefits other projects at the same time, then  
23 that's a plus.

24 MS. BOCHNOWSKI: Well, and it's kind of a  
25 trickle down effect. I mean, anybody working on the

14 1 construction would have a lot of materials to buy,  
2 could be directly through the project. And then you  
3 have a lot of clout being such a major project, so  
4 that could benefit.

5 DR. ROSS: But as I understand it, it will be  
6 built into the contract whoever finally gets the bid.

7 MR. MORRIS: That's correct. When we award a  
8 bid, when they accept the bid, they accept the quota  
9 measures.

10 MS. BOCHNOWSKI: That's done in all kinds of  
11 things. They should be able to accept that, I would  
12 think.

13 MR. MORRIS: And if you look at our activity  
14 over the past six months, I think you'll find that  
15 we've gone far beyond that. I think we saw this  
16 morning that we have gone past that. Not only are we  
17 meeting the quota on the project as a whole; we're  
18 also focusing on other projects and continuing to move  
19 ahead.

20 MR. SWAN: I think we don't want to go without  
21 saying that we are impressed with the efforts you  
22 made, at least the numbers that I looked at. And I'm  
23 a numbers man. And over the last four months, usage  
24 of MBE and WBE contracts, those are good numbers. We  
25 appreciate the efforts you're making there.

1 CHAIRMAN VOWELS: All right. So, Mr. Thar, I  
2 believe your question was were we satisfied with --

3 MR. THAR: The direction of the document.

4 CHAIRMAN VOWELS: -- the direction of the  
5 document. And with some technical changes, I think  
6 that everybody -- particularly in reference to the  
7 dates, it appears that the other commissioners are  
8 satisfied.

9 Is that a fair assumption?

10 MR. DARKO: That's fair.

11 CHAIRMAN VOWELS: And so we may move forward  
12 in that regard.

13 MR. THAR: Thank you.

14 CHAIRMAN VOWELS: All right. I don't see  
15 Reverend Coleman here, but is there anyone here on his  
16 behalf at this time?

17 All right. Well, let's take a ten minute  
18 break. It is eleven o'clock. So let's be back in  
19 here at ten after eleven, and we'll get started on the  
20 last issue, the Boyd application issue. Thank you.

21 (At this time, a break was taken.)

22 CHAIRMAN VOWELS: Okay. We'll start the  
23 meeting again. There was one other resolution in our  
24 packet.

25 MR. THAR: They can't -- I've heard that they

1 cannot here us out there, so we've got to speak more  
2 into the microphones. They're not picking up anything  
3 that's being said past like the front row.

4 MS. BOCHNOWSKI: Okay. That's not all bad.

5 CHAIRMAN VOWELS: That's not all bad. There's  
6 some feedback going on. That's why. Anyway, in our  
7 packet was a Resolution 2000-23 which dealt with the  
8 memorandum of agreement between Caesars and the  
9 Gaming Commission. And what we're going to do is not  
10 concern ourselves with that, because there were some  
11 technical aspects of that memorandum of agreement that  
12 need to be cleaned up. But we've given the staff  
13 direction that that fits our goals, and so that would  
14 be cleaned up, and 2000-23 will be left open as a  
15 resolution to be used at a later date.

16 So the next matter on the agenda is the Boyd  
17 application issues. And, Mr. Thar, we'll turn to you.

18 MR. THAR: Thank you. During -- one  
19 housekeeping matter. During the course of the break,  
20 we were given an original letter that was faxed to us  
21 yesterday by Mayor Sheila Brillson of Michigan City,  
22 and, along with that, a summary of projects supported  
23 by riverboat revenues, which were distributed to all  
24 of your during the course of the break.

25 Probably frame the Boyd application issue in

14

15

1 the following sense. I think we have an undisputed  
2 set of facts that there was a document which we'll  
3 describe as a consulting agreement which should have  
4 been disclosed to the Indiana Gaming Commission as  
5 part of their application process, should have been  
6 disclosed to the Commission before it was voted on  
7 Boyd's application for transfer of ownership, which  
8 document was not provided to the Indiana Gaming  
9 Commission prior to its vote.

10 Approximately two days after the Commission  
11 approved the change in ownership for the Blue Chip  
12 facility in Michigan City, we received a phone call  
13 from Kay Fleming at Ice Miller advising us that during  
14 the course of the closing, discussions had arisen  
15 indicating that it was possible that a particular  
16 agreement had not been disclosed to the Commission.

17 So to make a long story short, approximately  
18 two days after the Commission had approved transfer of  
19 ownership, the fact of the nondisclosure of the  
20 document was voluntarily disclosed to the Commission  
21 by Boyd Gaming and its representatives.

22 Subsequently, the Commission staff asked for  
23 full explanation of what had occurred and received a  
24 very detailed and explanatory letter from Brian  
25 Larson, counsel for Boyd Gaming.

1           Subsequent to that, the Commission directed  
2           that Mr. Bill Boyd, Mr. Ellis Landau and Mr. Brian  
3           Larson, among others, who all present here today, be  
4           in the Commission office on a particular date. And we  
5           took depositions basically to get their statements  
6           under oath as to what had occurred on this particular  
7           instance.

8           Subsequent to these activities on behalf of  
9           the staff, Boyd Gaming has offered a settlement to the  
10          Commission in a rather large document that is bound --  
11          by large, I mean over forty pages -- which was sent to  
12          the commissioners some time ago, in which Boyd  
13          basically says in lieu of a disciplinary action, I am  
14          agreeable to financial penalties, and makes various  
15          suggestions such as various charities and other  
16          projects for which Boyd Gaming has suggested that they  
17          would pay various amounts of money.

18          They subsequently have put out some more  
19          suggestions in that area in a smaller red bound  
20          supplement which contains various settlement  
21          agreements and other suggestions which was forwarded  
22          to you this past Tuesday evening.

23          So I think the issue before the Commission  
24          today is, we have this undisputed set of facts, and  
25          Boyd Gaming has offered to settle this. The question

1 before the Commission, do we wish to settle this on  
2 financial terms, or does the Commission wish to not  
3 settle it today and proceed with the disciplinary  
4 action, which may or may not include sanctions beyond  
5 financial aspects?

6 But I believe that in the posture that is  
7 before the Commission today, should we agree to take  
8 Boyd up on the settlement offer, two things would  
9 occur. A, it would only be a financial penalty, and,  
10 B, there would be no disciplinary action.

11 So with the issues framed with those  
12 statements, I would turn to -- I see Miss Fleming is  
13 here. Do you wish to make any statements or  
14 introductions on behalf of Boyd? And I would also  
15 note that Mayor Brillson is here, I believe, to  
16 support Boyd as a corporate citizen. So we will give  
17 her an opportunity to be heard also.

18 Miss Fleming, would you like to begin?

19 MS. KAY FLEMING: Thank you. My name is Kay  
20 Fleming, F-l-e-m-i-n-g. I'm with Ice Miller Donadio &  
21 Ryan. And Mr. Bill Boyd would like to make a few  
22 statements. I'll turn it over to Mr. Boyd.

23 MR. WILLIAM BOYD: Good morning. My name is  
24 William S. Boyd. Mr. Chairman, Commission members,  
25 Mr. Thar, staff, thank you for allowing me the



1 opportunity to appear before you this morning and  
2 discuss this matter.

3 Before I begin, I would like to introduce the  
4 other Boyd team members that are present with me this  
5 morning. Ellis Landau, our executive vice president  
6 and chief financial officer, Brian Larson, our senior  
7 vice president and general counsel, and Mike Driggs,  
8 our executive vice president and general manager of  
9 our Blue Chip facility in Michigan City.

10 Permit me to offer my sincere apology for this  
11 serious mistake on our part. I assure you the error  
12 was completely inadvertent and unintentional. As soon  
13 as it was discovered, as Mr. Thar said, we asked Kay  
14 Fleming to report it immediately to him, the executive  
15 director of the Commission.

16 My father and I founded our company some  
17 twenty-five years ago. We worked very, very hard to  
18 achieve and maintain a reputation for conducting our  
19 business affairs with only the highest degree of  
20 integrity. The company does bear my name, and I  
21 personally accept full responsibility for this  
22 inadvertent error.

23 The first line in our mission statement is  
24 that we operate only with the highest degree of  
25 integrity. This has been the cornerstone of our

15

16

1 company from the beginning, and it still is today.

2 At the time that we were acquiring Blue Chip,  
3 we made the decision to attempt to close the  
4 transaction on an accelerated time table. We asked  
5 the Commission to accommodate this time frame. You  
6 granted that request, and our error disappointed you,  
7 and I very much apologize for that.

8 When the application was filled out, we had  
9 one group responsible for working on the application.  
10 And we engaged a second group which was responsible  
11 for completing negotiations of the purchase of Blue  
12 Chip, and the consulting agreement, that was  
13 independently prepared by outside counsel.

14 A business decision was made not to attach the  
15 consulting agreement with the unit purchase agreement.  
16 A breakdown in communication between these two groups  
17 occurred. The group filling out the application was  
18 not aware of the consulting agreement. The group  
19 handling the negotiations believed the consulting  
20 agreement was delivered to the Commission with the  
21 application and the unit purchase agreement.

22 Due to our decision to accelerate the process,  
23 not making the consulting agreement part of the unit  
24 purchase agreement and the subsequent breakdown in  
25 communications, because of all of that, we committed a

1 serious error. We accept responsibility for this  
2 error and apologize for letting you down. We have  
3 made changes in our internal policy to remedy this  
4 situation and prevent it from happening again.

5 Since we acquired Blue Chip, we've made great  
6 strides in developing a partnership with Michigan  
7 City, becoming part of that community and increasing  
8 the amount spent with minority and women in business.  
9 Under the amended development agreement, the city has  
10 approved five hundred thousand more from January  
11 through April, 2000, in four months, than it would  
12 have prior to our purchase of Blue Chip.

13 The city will receive an additional three  
14 hundred thousand dollars payment each year as long as  
15 a gaming facility is not opened within an eighty mile  
16 radius. The city will receive up to one million  
17 dollars to demolish the harborside home property.  
18 Since November of 1999, we have made in excess of one  
19 hundred and seventy thousand dollars in charitable  
20 contributions or in pledges.

21 Our new employees have integrated themselves  
22 into the community by getting involved in various  
23 charitable and civic organizations. We worked hard to  
24 improve our expenditures with minority and women  
25 business enterprises. And based on audited and

1 unaudited figures, that we have become a leader in  
2 meeting these goals by spending eleven point five  
3 eight percent with minority businesses and seven point  
4 eighteen percent with women businesses for the first  
5 quarter of 2000. We will continue to work very, very  
6 hard in maintaining or exceeding those levels.

7 Again, I want to absolutely assure you that  
8 this was an unintentional and inadvertent error. We  
9 have a strong, strong record of regulatory compliance,  
10 and I'm personally troubled and embarrassed by our  
11 mistake.

12 In order to prevent any future errors of this  
13 type, we have put a review policy into place so that a  
14 similar breakdown in communication cannot and will not  
15 occur again. I guarantee that. We are proud of the  
16 fact that our company is viewed both internally and  
17 externally as one of great integrity. We would never  
18 intentionally take any action that could call that  
19 distinction into question.

20 This is the only error of this type that we  
21 have made, and once discovered, again, we  
22 self-reported it. We have a strong record of  
23 regulatory compliance, and we have taken the necessary  
24 steps to prevent this type of error from ever  
25 happening in the future.

1           So I would like to urge the Commission to  
2 settle this matter in a manner that does not disrupt  
3 the positive relationship that we have developed with  
4 the city of Michigan City, with our Blue Chip  
5 employees, our Blue Chip patrons and our Blue Chip  
6 suppliers and, of course, with the state of Indiana.

7           Thank you. And we would be happy to answer  
8 any questions that you might have about this matter.

9           CHAIRMAN VOWELS: Thank you, Mr. Boyd.

10           Any of the commissioners have questions for  
11 Mr. Boyd?

12           MR. DARKO: Was the consulting agreement filed  
13 with the Securities and Exchange Commission?

14           MR. BOYD: No, sir, it was not. In fact, we  
15 did talk to our outside counsel about that. And he  
16 advised us that the consulting agreement would not be  
17 material and would not have to be filed with the  
18 Securities and Exchange Commission.

19           MR. DARKO: You also indicated that a  
20 conscious intentional business decision was made not  
21 to attach the consulting agreement to the unit  
22 purchase agreement; is that correct?

23           MR. BOYD: That is correct, because we knew  
24 that if it was attached that it would be filed with  
25 the SEC documents and would be a wide-spread public

1 document, which we didn't want that to happen. We did  
2 not -- of course, we wanted the Indiana Gaming  
3 Commission to know about it. But the Illinois  
4 Commission did know about it, incidentally, prior to  
5 that time. But it was only that we didn't want the  
6 wide-spread distribution that we asked that it not be  
7 filed with the SEC.

8 MR. DARKO: The Illinois Gaming Commission did  
9 know about the consulting agreement?

10 MR. BOYD: Yes, the Illinois Commission did  
11 know about it. It had been mentioned to the then  
12 chairman of the Illinois Commission at a meeting where  
13 he was at. And I think Brian Larson is here. Maybe  
14 he can -- is there anything that you can add to that,  
15 Brian?

16 MR. BRIAN LARSON: We discussed it with Bob  
17 Vicory, who was then the chairman, at a meeting in  
18 September. We openly discussed it. We weren't  
19 trying to hide it at all.

20 MR. DARKO: Well, you were. You were trying  
21 to hide something from somebody whether it was right  
22 or wrong. You made a conscious decision not to file  
23 it with the SEC because you didn't want publicity on  
24 it. You considered it to be confidential or a trade  
25 secret or however you want to characterize it.

1 MR. BOYD: That's correct.

2 MR. DARKO: And that, in turn, led directly to  
3 the fact that you violated our rules and regulations  
4 by not filing it with this Commission. Is that not  
5 correct?

6 MR. BOYD: Unintentionally and inadvertently,  
7 that is correct.

8 MR. DARKO: Well, it's unintentional and  
9 inadvertent on Step 2. But on Step 1 that sets the  
10 whole ball rolling, it is specifically a conscious  
11 decision by your company to limit publicity on this  
12 document.

13 MR. BOYD: Yes, not to have it filed with the  
14 unit purchase agreement with the SEC.

15 MR. DARKO: I understand.

16 MR. BOYD: But we did think that it had been  
17 filed with the Indiana Gaming Commission.

18 MR. DARKO: I understand. And please  
19 understand I'm not trying to judge the situation or to  
20 predetermine it. But I think it's not completely fair  
21 for you to come forward and say it was inadvertent and  
22 unintentional.

23 It was inadvertent and unintentional only  
24 because you had made an earlier decision to try to  
25 limit publicity on this document. Is that fair?

1 MR. BOYD: That's correct.

2 MR. DARKO: Okay. Thank you.

3 MR. THAR: I think we need to clear one other  
4 thing up, too. The discussion -- the advising of  
5 Chairman Vicory did not occur during the course of an  
6 Illinois Gaming Board meeting, did it?

7 MR. LARSON: No, it was not during a meeting.

8 MR. THAR: Okay. Did it, in fact, occur  
9 during the course of a seminar?

10 MR. LARSON: Yes, it was a dinner conversation  
11 at a seminar.

12 MR. THAR: And the Illinois Gaming Board was  
13 never provided with a copy of the agreement, were  
14 they?

15 MR. LARSON: We did not supply them with a  
16 copy.

17 MR. THAR: Okay. So to your knowledge, any  
18 notice to the Illinois Gaming Board came by your  
19 personal conversation with then Chairman Vicory over a  
20 dinner outside of the state of Illinois.

21 MR. LARSON: Unless they had it through other  
22 means we did not know about.

23 MR. THAR: But that's the only that Boyd knows  
24 about.

25 MR. LARSON: Yes.



1 MS. BOCHNOWSKI: Would there have been any  
2 requirement by the Illinois Board to receive this  
3 document? Would that have been --

4 MR. LARSON: I don't believe so.

5 MS. BOCHNOWSKI: Okay.

6 MR. THAR: Not on behalf of Boyd.

7 MS. BOCHNOWSKI: I understand. I understand.

8 MR. THAR: But it's possible because the prior  
9 owners of Blue Chip have an application -- well,  
10 they're in a lawsuit -- that may have or may not have  
11 disclosed it. But from Boyd's point of view, Boyd's  
12 disclosure came during the course of the conversation  
13 Mr. Larson had with Mr. Vicory.

14 MR. SWAN: So as far as you know, you made all  
15 the legal disclosures of this document though all  
16 jurisdictions with the exception of Indiana, and you  
17 did that knowingly and intentionally with everybody  
18 except Indiana.

19 MR. BOYD: Well, I don't know that it was  
20 disclosed to all, all jurisdictions required it.

21 MR. SWAN: That required it.

22 MR. BOYD: Yes, that were required, that's  
23 correct.

24 MR. SWAN: That's what I meant.

25 CHAIRMAN VOWELS: All right. Any other

18 1 questions then for Mr. Boyd?

2 MS. BOCHNOWSKI: Okay. Let me just clarify  
3 that last point. Would there have been any other  
4 jurisdictions that would have required filing this  
5 information?

6 MR. BOYD: I don't believe that it would have  
7 been required by any other jurisdictions, although it  
8 would have, of course, been available to them if they  
9 certainly wanted to see it. But I don't think as a  
10 matter of course we would have filed.

11 MR. LARSON: We did not have any other filing  
12 requirements with other jurisdictions.

13 MR. THAR: It might be more accurate and  
14 clearer to put it in this fashion. At the time that  
15 the document was created, the only place that they had  
16 an obligation to file it was with the state of  
17 Indiana.

18 MS. BOCHNOWSKI: That's what I wanted to make  
19 sure.

20 MR. THAR: Once they made the decision it was  
21 not a necessary SEC filing.

22 CHAIRMAN VOWELS: All right. Thank you, Mr.  
23 Boyd.

24 And, Miss Fleming, anything further?

25 MS. FLEMING: No, nothing further from Boyd,

1 unless you have some questions. Mayor Brillson is  
2 here.

3 CHAIRMAN VOWELS: Anything further from -- for  
4 the Boyd people?

5 MR. THAR: From what I understand from Ms.  
6 Fleming, the answer is no. Although I do understand  
7 that they had requested Mayor Brillson to speak. And  
8 I think Mayor Brillson wanted to speak on her own  
9 behalf, on her own right, anyway.

10 MAYOR SHEILA BRILLSON: Sheila Brillson, the  
11 mayor of Michigan City. Good morning, ladies and  
12 gentlemen. I'm happy to be here again to see you. On  
13 behalf of the city of Michigan City, I am here today  
14 to speak about the riverboat in Michigan City and the  
15 new ownership under Boyd Gaming.

16 To be very, very brutally frank with you,  
17 the difference between ownership is night and day.  
18 Under Boyd Gaming's new stewardship, there is a  
19 definite change in the atmosphere in the casino and in  
20 the community involvement.

21 I don't need to go over with you some of the  
22 amendments that we have to the riverboat agreement  
23 with the new ownership that have brought financial  
24 good news to Michigan City. But I also think that as  
25 people who don't live in the community, you need to

1 know that Boyd Gaming has instructed their employees  
2 to be more active in the community. They are involved  
3 in some of our local charities, and they are giving  
4 more than they are required to do, which is very  
5 different from the past ownership.

6 I think it's important to note that in the  
7 amendment agreement Mr. Boyd alluded to, the  
8 difference in the last six -- four months of  
9 operation, there is about a five hundred and thirty  
10 thousand dollar difference in money that will be  
11 coming into the city.

12 You have in front of you some documents that I  
13 submitted. One of them is a letter. The second  
14 document is a list of projects that are supported by  
15 riverboat revenue in our community. If you look at  
16 the projects, you see that the capital plan that I  
17 developed after Blue Chip, the original Blue Chip  
18 started, it was all about nuts and bolts in our  
19 community.

20 We are finally able to meet the needs of the  
21 neglect, the infrastructure needs, basic city services  
22 like sewer and water that was denied to many people  
23 because of lack of funds. Our fire and police  
24 departments have gotten a major shot in the arm with  
25 new equipment. Public safety has been improved. So I

1 feel that as a community the riverboat has been  
2 extremely successful.

3 Today, you talk about sanctions of the  
4 riverboat, receiving financial sanctions. And I am  
5 here to testify to you that any sanction that would  
6 disrupt the operation of the casino would be very  
7 harmful to the people of Michigan City, the employees  
8 of the casino, but also to the people.

9 Right now, paving trucks are rolling through  
10 our neighborhoods as they finish a major sewer project  
11 that was begun a year ago. The bills will come due,  
12 and those bills are to be paid out of casino revenue.  
13 If there should be a stoppage of that money for any  
14 length of time, that would be detrimental, and I would  
15 have a major problem with balancing my books.

16 You also have a letter from me in front of you  
17 talking about some of our needs and some of the needs  
18 that will not be met immediately because of our  
19 infrastructure needs. I talk about the capital plan  
20 that was developed in 1998, which was basically about  
21 neglect in infrastructure. As most of you know,  
22 sewer, water, sidewalks, those type of things, are  
23 multi-million dollar projects.

24 The bulk of our riverboat revenue will be used  
25 for those projects for the foreseeable future. We are

1 not doing a lot of frilly projects because we,  
2 frankly, don't have the money for those. Attached to  
3 that letter, I take the liberty of giving you two  
4 projects that we have been discussing. We do not have  
5 funds for those projects, but they are projects that  
6 would improve the quality of life in our community.

7 They are projects that are more esthetically  
8 oriented. They are educational oriented. And I  
9 think if there is a sanction to come down, I ask you  
10 to consider a financial arrangement that would benefit  
11 the community of Michigan City, the children of  
12 Michigan city and the citizens that I represent.

13 Are there any questions?

14 CHAIRMAN VOWELS: Any questions of Mayor  
15 Brillson? Mr. Thar?

16 MAYOR BRILLSON: Thank you for your  
17 consideration.

18 MR. THAR: If the Commission was inclined to  
19 say then we'll put X number of dollars towards -- to  
20 Michigan City, would you utilize your discretion in  
21 how those dollars should be put forward, and would it  
22 go to one of these two projects?

23 MAYOR BRILLSON: We have a capital planner.  
24 So all of the existing revenue streams that are coming  
25 in from the casino are identified by the city council

1 and by the Mayor's office. This would be additional  
2 funds, and we would probably set up a line item for  
3 that fund, the funds to be received, and it would go  
4 to these specific projects.

5 MS. BOCHNOWSKI: If we came up with a  
6 settlement agreement, could the settlement agreement  
7 specify where this was going to go or --

8 MR. THAR: Well, yeah, I think we could do it  
9 one of two ways. But it seems the way the mayor is  
10 describing it that the way the mayor's office and the  
11 city council are operating together, it might be  
12 better to say that X number of dollars would go, and  
13 then they would line item it to a project, which I  
14 think we could then get a report back on that it was  
15 actually done, as opposed -- I mean, I wouldn't -- I  
16 would hate to be the one to choose between finishing  
17 parks that have handicap accessible ramps or say, no,  
18 I don't want to do that, let's go and put some more  
19 signs or acquire some other property.

20 MR. DARKO: Sounds like fun.

21 MS. BOCHNOWSKI: On the other hand, you know,  
22 I think that if we did come up with a settlement, I'd  
23 hate to have it -- I guess it would be nice to see it  
24 in a specific project rather than going into this  
25 other area where --

19 1 MAYOR BRILLSON: That's why I tried to  
2 identify two projects that we do not have funds for  
3 that are in the conceptual design stage, but because  
4 our moneys from the riverboat are being directed to  
5 specific sewer, water, extension projects, road  
6 improvement projects, we don't have the money for  
7 these types of projects. So I identified two projects  
8 that would be new. And I could then show you the  
9 results of that penalty sanction.

10 CHAIRMAN VOWELS: All right. Any other  
11 questions for Mayor Brillson?

12 Thank you, Mayor.

13 MAYOR BRILLSON: Thank you for your  
14 consideration.

15 CHAIRMAN VOWELS: Mr. Thar, in this pack that  
16 we received from Boyd Gaming's attorney, there are two  
17 proposed settlement agreements. And on the front, it  
18 refers to a settlement agreement under Tab 1 and a  
19 revised settlement agreement with a fine revision  
20 under Tab 2. The first one makes reference to  
21 charitable contributions, and then the second deals  
22 with a proposed fine.

23 Are those to be thought of as hand in hand, or  
24 are they viewed as separate?

25 MR. THAR: I don't know. I didn't draft them.



1 MS. BOCHNOWSKI: These are just proposals. We  
2 can do whatever we want.

3 MR. THAR: Right. I think that they're  
4 suggestions, and I don't believe that you had to do 1  
5 and 2 at the same time. But I think it's alternatives  
6 and different approaches which the Commission can do.

7 I think basically, if I'm interpreting this  
8 correctly, what Boyd Gaming is doing is saying a  
9 couple of things. A, if you're willing to settle  
10 this, here are some suggestions from our part. Here  
11 are some suggested dollar amounts. And we recognize  
12 that it may be all directed towards given projects and  
13 charities, or it may be split between projects and  
14 charities, or a fine, or it may be all fine. And  
15 that, I think, is what they're suggesting, and they've  
16 thrown some financial suggestions to us.

17 Now, I hate to speak for you, so I'll let  
18 you --

19 MR. BOYD: That's correct.

20 MS. BOCHNOWSKI: Well, here's one way we could  
21 look at it. If we -- if we don't file an actual  
22 disciplinary action and we make a settlement, given  
23 the nature of this, I mean, how long -- if a  
24 disciplinary action were filed, how long would we  
25 suspend the license for, I mean, given what the

19 1 circumstances are here?

2 And you could kind of tie a dollar amount to  
3 in lieu of what they would lose or what, you know -- I  
4 mean, because I'd rather -- rather than punishing  
5 people, employees and towns and so on, I'd rather have  
6 the money they'd lose from that operation go to  
7 specific projects that would benefit the people.

8 MR. THAR: There's a lot of different ways to  
9 look at that. We could easily take the daily figures  
10 and come up with an average to see what their win is  
11 per day.

12 MS. BOCHNOWSKI: Right.

13 MR. THAR: We could also determine what  
14 their -- what the tax is being paid on. So if one was  
15 to suspend the license, you could determine, for  
16 instance, let's say hypothetically the Commission said  
17 we want to suspend the license for one day, and as a  
18 part of that suspension, you will pay the state the  
19 taxes that you would normally pay for that one day.  
20 You will pay Michigan City the amount that they would  
21 get out of that tax for that one day, and you will pay  
22 all your employees.

23 I don't know what their daily payroll is, but  
24 my -- Mr. Boyd, do you offhand?

25 MR. BOYD: Let me ask Mike. Do you have that

1 figure, Mike?

2 MR. DRIGGS: No, I don't.

3 MR. DARKO: You come prepared.

4 MR. THAR: Are you pushing a million dollars a  
5 week in payroll?

6 MR. LARSON: In payroll?

7 MR. THAR: Yeah.

8 MR. LARSON: It's very close to that.

9 MR. THAR: So maybe let's say a hundred fifty  
10 to two hundred thousand a day. So you're talking that  
11 in payroll. You're talking -- what's daily win on an  
12 average?

13 MR. LANDAU: About four hundred fifty thousand  
14 dollars or so.

15 MS. BOCHNOWSKI: I'm just trying to figure out  
16 how you come up with the number. And, I mean, the  
17 idea of keeping everybody employed and so on in  
18 addition to that, than, you know, making some  
19 projects.

20 MR. THAR: You can look at it from another  
21 point of view, too. Instead of nailing down a  
22 significant -- a number based upon different numbers  
23 that we could come up with, because if you tell me  
24 what the number is, I'll find a way to get there.

25 MS. BOCHNOWSKI: Okay.

1 MR. THAR: The flip side is this. In a  
2 regulatory environment, complete disclosure with  
3 regard to the application process is an absolute  
4 necessity. So on the one hand, we have a very, very  
5 serious violation of the rules and regulations of  
6 Indiana Gaming Commission and gaming in the state of  
7 Indiana. The pluses with regard -- that's on the  
8 serious side. And from my point of view, that takes a  
9 serious remedy.

10 The second aspect is there are some pluses  
11 that help. The first one is is the document, while  
12 important, I think can be described as noncritical.  
13 Had the document been before the Commission, it would  
14 not have changed, in my opinion, if I was a voting  
15 member, my vote at all. It did not reflect on the  
16 ultimate suitability or financial capability or  
17 management ability of the company. It was not in that  
18 area. But it was a document that we should have had.

19 Secondly, as pointed out, they did voluntarily  
20 disclose the fact they failed to do it. Had they  
21 chosen not to voluntarily disclose that fact, we might  
22 not know today that that document existed. So that's  
23 of huge credit to them.

24 And the final thing is what makes it the  
25 hardest and the easiest to possibly say; this should

1 be settled, but at a significant amount, some of which  
2 benefits Boyd because they would be able to get some  
3 tax advantages from it, but also a certain amount of  
4 fine because of some other things.

5 And that is Boyd's reputation. We have wanted  
6 them here. They finished second in two highly  
7 contested races, application processes, before. They  
8 finally -- they wanted to do business in this state.  
9 They came. They brought with them the integrity. So  
10 it's almost a situation that maybe you've got a  
11 favorite son and you hate to see him screw up, but he  
12 does have to be punished, but maybe not  
13 disproportionately to what actually happened.

14 So Boyd has put in its suggestions, dollar  
15 figures that approach seven hundred and fifty thousand  
16 dollars. My recommendation would be to dollar figure  
17 it at a million dollars, for which there would be  
18 various tax allowable write-offs for the Boyd Gaming  
19 Company with regard to voluntary contributions to city  
20 entities, charitable entities, possibly county  
21 entities or however else it should be fashioned, plus  
22 a one hundred thousand dollar fine.

23 How that million dollars should be apportioned  
24 or whether or not the Commission thinks that -- why a  
25 million dollars? A million dollars in my mind is

1 because any gaming regulatory body has to say this is  
2 serious. And the saving grace is we're not revoking  
3 your license, we're not suspending your license  
4 because you are the company you are. And if it had  
5 been a different company, they might not have brought  
6 the level of credibility to the table that Boyd Gaming  
7 does.

8 So that would be my suggestion as a starting  
9 point for some discussions, possibly defer to  
10 Commissioner Milcarek as to what his views are,  
11 particularly in terms of the directions of flows of  
12 any type of financial penalty that may be imposed by  
13 this Commission.

14 MR. MILCAREK: I feel that if we do assess a  
15 penalty, it should go to all parties concerned in  
16 Michigan City and LaPorte County. A penalty could be  
17 distributed somewhere along the lines of the way the  
18 tax is divvied up for the county now, going to the  
19 city and a certain amount for charities that could be  
20 determined by the mayor and her administration what  
21 they wanted to use them for, so much money for a  
22 certain project with a certain amount going to  
23 charities to be determined, and so much for the other  
24 entities in the county. The dollar amount would be up  
25 to the Commission to decide.

20  
1 MS. BOCHNOWSKI: I do like -- you know, some  
2 of these suggestions really seem like they would --  
3 I'd hate to have it -- you know, depending on how much  
4 you wanted to give to charities, I'd hate to have it  
5 watered down too much. It would -- have a project  
6 that would benefit the entire city. And then, like  
7 you said, a proportional amount to the taxes going to  
8 LaPorte County for maybe something similar. Make this  
9 a positive event.

10 MR. DARKO: Mr. Chairman, before we talk about  
11 this anymore, I want to publicly compliment Jack Thar  
12 and the entire staff for the way they investigated  
13 this matter after it came to the Commission's  
14 attention. I think their investigation itself  
15 discloses that this Commission does believe complete  
16 disclosure on the matter is an absolute necessity.

17 In particular, I think it is extremely  
18 favorable that Mr. Thar had the ability and the  
19 background, quite honestly, personally to take the  
20 depositions of the three representatives who were  
21 deposed. He could have hired outside counsel. He  
22 could have asked in-house counsel to do that. I think  
23 the fact that he had the ability and did that  
24 personally sends a very, very strong message not only  
25 to Boyd, but I assume to other people who may want to

1 do business in Indiana.

2 Having said that, let me ask a couple  
3 questions, if I could, please. And, Kay, you wrote  
4 the letter to us, so perhaps you're the right person  
5 to answer the question.

6 What amounts are you suggesting we put on the  
7 document in Tab 1 and Tab 2? Jack gave us a total  
8 figure of seven hundred and fifty thousand, and I'm  
9 curious as to how you would allocate that if your  
10 client could call is shots.

11 MS. FLEMING: If you could give me just a  
12 second to dig up something. The submittal that we  
13 provided to you in December of '99 outlined some of  
14 that. Of course, I can't find it.

15 MR. DARKO: I have the red binder, which I  
16 assume is more current?

17 MR. THAR: Are you looking for this one?

18 MS. FLEMING: I have it. I just haven't  
19 located the document within it. Yes, when we  
20 submitted the red binder, we left those figures blank.  
21 Previously, we had outlined the various alternatives.  
22 At that time, we had proposed or recommended a  
23 charitable contribution of two hundred fifty thousand  
24 to the Boys and Girls Clubs of Michigan City, and then  
25 our charitable contribution of two hundred and fifty



1 thousand be divided between the Salvation Army of  
2 Michigan City, the Retired and Senior Volunteer  
3 Program of LaPorte County, Youth Services Bureau,  
4 Martin Luther King Center, Child Abuse Prevention  
5 Council, Boy Scouts of America, Cancer Society in St.  
6 Joseph County, YMCA of Indiana and YWCA of St. Joseph  
7 County.

8 MR. THAR: One second. If I can direct you to  
9 Pages 5 and 6.

10 MR. DARKO: Of which?

11 MS. FLEMING: The black.

12 MR. THAR: That's their alternative one.

13 MS. FLEMING: At that time, we had also  
14 proposed a two hundred fifty thousand dollar  
15 contribution to existing programs to enhance minority  
16 and women business enterprises. Since that time, Blue  
17 Chip has really improved their expenditures, so we  
18 left that out of the red binder.

19 MR. DARKO: Let me ask it maybe a different  
20 way. Are you proposing both a settlement under which  
21 funds would go to community organizations and also a  
22 fine which would come to the state of Indiana?

23 MS. FLEMING: We proposed in the latest  
24 proposal which you got either/or, or obviously the  
25 Commission has the discretion to do how you want that.

1 MR. DARKO: So you're proposing either/or.

2 MS. FLEMING: Or a hybrid if that is what the  
3 Commission prefers obviously.

4 MR. DARKO: And your figure for the either/or  
5 would be seven hundred and fifty thousand?

6 MS. FLEMING: That is what we submitted in  
7 December. And we did not submit an actual dollar  
8 figure, but we think that seven hundred fifty thousand  
9 obviously is a very substantial amount.

10 MR. DARKO: Has your proposal changed since  
11 last December?

12 MS. FLEMING: Boyd would propose one million  
13 dollars.

14 MR. DARKO: For the total? Thank you.

15 And then, Mr. Thar, if I could ask you, you  
16 indicated at the outset if we handled this with  
17 settlement, we could do that today, because everybody  
18 would be in agreement.

19 If we handle it as a disciplinary matter, can  
20 we still do that today, or are we required basically  
21 to initiate a disciplinary proceeding, go through the  
22 steps and then come back again at another time?  
23 Because I think maybe a combination of the two makes  
24 sense.

25 MR. THAR: We would need to start a formal

1 procedure and file a disciplinary action.

2 MS. BOCHNOWSKI: If there's a fine, do we have  
3 to have a disciplinary action, or can that just be  
4 levied?

5 MR. THAR: No, we would not, simply because  
6 they proposed that as part of a settlement for which  
7 they would not appeal it. Otherwise, you could get  
8 into an administrative law issue that you didn't  
9 necessarily follow your own procedures when you levied  
10 this fine.

11 But since it has been suggested by Boyd they  
12 would be in agreement that we do it this way, we would  
13 then -- what they're basically saying is we'll forego  
14 the necessity of a disciplinary action. We will agree  
15 to pay certain financial penalties, whether it be in  
16 the form of fine or other financial contributions, in  
17 return for no disciplinary action being filed, but  
18 only to the extent there's financial ramifications.

19 If we were today to say, well, we're going to  
20 suspend your license, then they're going to say  
21 there's no settlement. Then we will require  
22 disciplinary action and we won't proceed on that. So  
23 that's what they have done. The posture to us is we  
24 will agree without formal proceedings to pay certain  
25 financial penalties.

2  
1 MS. BOCHNOWSKI: Well, can we -- I mean, maybe  
2 we just need to either poll or vote or whatever on how  
3 everybody feels. I mean, I would -- I just don't see  
4 where it benefits any -- I guess I see the fact that  
5 they reported it two days after the closing, and that  
6 it seems like they made a good -- that it was an  
7 inadvertent omission. That -- to me, that argues in  
8 favor of coming up with a settlement and not going  
9 through the disciplinary action and not -- I just  
10 don't see the benefit of suspending a license.

11 At the same time, as you just, say this is  
12 very serious. And whatever amount we come up with has  
13 to indicate the seriousness. But, you know, if I had  
14 to vote, I'd say let's try to settle this.

15 CHAIRMAN VOWELS: With a disciplinary action,  
16 if it went that way, that would have to be formally  
17 reported to all other jurisdictions; correct?

18 MS. FLEMING: I believe this will be reported.

19 MR. LARSON: This will be reported as well.

20 MS. FLEMING: This will be reported. Yes, a  
21 disciplinary would be reported.

22 CHAIRMAN VOWELS: All right. And my next  
23 question would be, a settlement agreement would also  
24 be reported to all the other jurisdictions?

25 MR. THAR: Generally would it be reported that

2  
1 a settlement agreement was entered into in lieu of a  
2 disciplinary action. That's generally how it's  
3 reported to us. It gives some benefits. I mean, it  
4 obviously shows the other jurisdiction, A, the company  
5 did not want to fight certain aspects of the facts of  
6 this, and, B, it was agreed to by both the other  
7 jurisdiction as well as the company that a formal  
8 action was not necessary. So there are a few benefits  
9 to the company from that. But the fact of what has  
10 transpired will be known.

11 CHAIRMAN VOWELS: My thought on this is this  
12 is very serious what has gone on here. But as Mr.  
13 Thar said, and we've all been able to review the  
14 consulting agreement, it more than likely would not  
15 have changed my vote. And the credibility of this  
16 particular company is strong.

17 It is hurtful that this happened with this  
18 particular company, because from my point of view, it  
19 was unexpected, and their reputation is of a degree  
20 that I wouldn't anticipate that anything like this or  
21 any other breach would occur on their part.

22 My point of that is is that a disciplinary  
23 action and/or a suspension along with that is  
24 inappropriate because there are mitigating  
25 circumstances here, the credibility of the company.

2  
1 Shortly after the discovery of the document, it was  
2 sent to the Commission.

3 But the bottom line is this is not the worst  
4 violation that we could see in our regulatory  
5 capacity, and so I'm not inclined to beat them to that  
6 degree, because I would like to save that sort of  
7 beating to someone who -- to a company who really,  
8 really would deserve it.

9 So my inclination is to work through a  
10 settlement agreement here with an amount of a fine,  
11 however you want to determine it, however it would be  
12 broken down, whether -- what portion would come  
13 specifically as a fine and what other would be  
14 contributions to the local community, strong enough  
15 that it would send a signal throughout the industry  
16 that we mean business.

17 And as Commissioner Darko pointed out, our  
18 executive director conducted the depositions. And I  
19 don't know the quality of executive directors in the  
20 other jurisdictions, but I think ours is probably the  
21 top one. And the fact that he took part in that  
22 certainly expresses the gravity of what's going on  
23 here.

24 And but I think anything beyond a settlement  
25 agreement should be held and reserved for an occasion

2  
1 where we don't have a credible licensee or a licensee  
2 with less credibility and they attempted to hide it  
3 from us. And I don't know -- at least as Mr. Boyd  
4 sits here today, I don't believe under the  
5 circumstances that he intentionally did anything to  
6 hide from us.

7 If there was somebody along the lower ranks  
8 may have thought along that line, Mr. Boyd sure isn't  
9 shifting the blame to somebody else. He's come in  
10 front of us and accepted full and total  
11 responsibility, as he should as the head person here,  
12 and that's admirable.

13 So my position is short of a disciplinary  
14 proceeding and work toward a settlement agreement.

15 Mr. Swan?

16 MR. SWAN: Well, I agree. It seems to be an  
17 inadvertent omission of the document, as serious as it  
18 may be. But I don't believe the fine is even  
19 appropriate at this level. I would just as soon as  
20 settle the thing at the million dollar mark, allow our  
21 staff to work out the details of where that goes with  
22 your group, and let's get this thing done and move  
23 forward.

24 We're expecting you to fulfill the good boy  
25 image that we saw all along, and I really don't see

3  
1 any doubt in my mind or any of the other  
2 commissioners' minds that that will really happen. So  
3 let's get this behind us and go forward.

4 DR. ROSS: I tend to agree with -- well, I do  
5 agree with all the facts that have been presented.  
6 But we are a governmental commission, and this has to  
7 do with regulations and things that have been broken.  
8 So I think that the million dollars seems like a good  
9 figure to me, but I think that just to indicate that  
10 we are governmental, we ought to add some fine. And I  
11 would say a hundred thousand dollars.

12 CHAIRMAN VOWELS: So are you saying the  
13 million dollars plus the one hundred thousand; is that  
14 right?

15 DR. ROSS: Yeah.

16 MS. BOCHNOWSKI: I would agree with the fine,  
17 with what you said, that because it was -- it had to  
18 do with an application to the Indiana Gaming  
19 Commission that there should be some kind of a state  
20 fine.

21 MR. DARKO: I agree with Dr. Ross. In my  
22 mind, it's got to be more than a million, because  
23 they're offering a million. And, Mr. Boyd, if you had  
24 said two million, it was going to have to be more than  
25 two million. I'm sorry to say that, but that's the



3  
1 way it works. So it's got to be more than a million.

2 I'm reluctant to see the fine go above a  
3 hundred thousand, because I think there are probably  
4 real needs in the area. I see that they've already  
5 contributed ten thousand dollars to the Sorensen  
6 Phonetic) Society at the University of Notre Dame,  
7 which I highly applaud.

8 I think Dr. Ross' suggestion, and I think  
9 perhaps Jack's recommendation of a million dollar  
10 payment plus a hundred thousand dollar fine is in the  
11 right ballpark.

12 CHAIRMAN VOWELS: I'm inclined -- I'm  
13 agreeable with that, too.

14 MR. MILCAREK: Yes, I think that would be  
15 appropriate.

16 MR. DARKO: That's more than they've offered.  
17 Whether they're willing to up the anti, I don't know.

18 MS. BOCHNOWSKI: I don't know that they have a  
19 choice. I'm really not sure. I think we can kind of  
20 levy what we want.

21 MR. DARKO: Well, then we would have to go  
22 through a disciplinary proceeding if we're going to  
23 levy more than what they've offered.

24 MS. BOCHNOWSKI: Yeah, I see what you're  
25 saying. If they won't agree to it.

3  
1 MR. THAR: I kind of think what Mr. Boyd had  
2 indicated to Miss Fleming was that I don't know if  
3 they were offering a million so much as they were  
4 saying they wouldn't object to a settlement with a  
5 million.

6 MR. DARKO: Well, I tried my best to nail him  
7 down on that. I thought I heard a million, but maybe  
8 I misunderstood.

9 MR. BOYD: I think we did.

10 CHAIRMAN VOWELS: Miss Fleming, you're  
11 standing there ready to respond.

12 MS. FLEMING: We mentioned a million dollars.  
13 We anticipated a total settlement package of a million  
14 dollars. Boyd would like to propose nine hundred  
15 thousand for the contribution.

16 MR. SWAN: It's my opinion that a million  
17 dollars is a million dollars. It's significant, and  
18 it sends a message. Whether it's a hundred thousand  
19 of fine or five hundred thousand of fine, if it's a  
20 million dollars, I think that's a reasonable approach.  
21 The nine hundred thousand and a hundred thousand fine,  
22 that's fine with me.

23 MS. BOCHNOWSKI: I can live with that.

24 CHAIRMAN VOWELS: I can.

25 MR. DARKO: Well, let me ask Jack. Is it

3  
1 significant, Jack, to other jurisdictions or to the  
2 gaming industry nationally that some part of it have  
3 the word 'fine' on it as opposed to charitable  
4 contribution?

5 MR. THAR: I think a couple of things are  
6 going to be significant. A hundred thousand dollar  
7 fine in gaming from other gaming jurisdictions is not  
8 an unusual fine nowadays for certain things. To enter  
9 into a settlement that requires a million dollars of  
10 payment, however, does hit a different level. It has  
11 happened in the past, but not very frequently. And in  
12 some instances, that has been all fine. So I think it  
13 says a lot of different things.

14 MR. DARKO: Okay. But there's no magic to  
15 putting the word 'fine' in any part of it. It doesn't  
16 do anything in particular.

17 MR. THAR: No. The only thing it really does  
18 is the practical aspects. To what extent a fine may  
19 or may not be tax deductible, I suppose, depends on  
20 the nature of the fine, etcetera, etcetera. And it  
21 goes into a pot, the Build Indiana Fund, Hoosier  
22 Gaming and Lottery Surplus Fund.

23 The -- while -- and I think as a Commission,  
24 we do have a certain obligations. Since we have the  
25 power to levy fines, as Ann pointed out and as Dr.

3  
4  
1 Ross pointed out, we need to put a fine as a part of  
2 this. But also we are to help the home dock site and  
3 the economics of the community. So the idea of  
4 putting -- Boyd agreeing to put money into different  
5 things that would benefit the community more directly  
6 is also a plus.

7           So when the Commission decides on a figure, I  
8 might recommend also to help the staff in this that  
9 you direct X number of dollars to go for this type of  
10 purpose, Y to this type of purpose, Z to this type of  
11 purpose, and then a fine or however you want to do it.  
12 And then once we know which direction, how much the  
13 Commission wants to do, I think the staff in  
14 conjunction with some advice from the city, and maybe  
15 the county as well as from Boyd Gaming, can then  
16 articulate that the X number of dollars will go to  
17 this, which is what carries out what the Commission  
18 asked to do.

19           So I think if you decided that the nine  
20 hundred -- that the total will be a million, one  
21 hundred thousand would be a fine and nine hundred  
22 thousand dollars something else, I think we need to  
23 have the Commission give us some direction as to what,  
24 you know, maybe three hundred thousand goes here,  
25 three hundred thousand there, three hundred thousand

4  
1 there, or however the Commission wants to split it up.  
2 It wouldn't have to be specific, but give us enough  
3 direction that we could then point the money where the  
4 Commission thinks it ought to go.

5 MS. BOCHNOWSKI: I'd like Tom's --

6 DR. ROSS: Do we have to say today where that  
7 money should be? Can't we have them -- since they  
8 didn't know what the fine was going to be, have them  
9 present to us how they would like to use the money,  
10 the city and the county?

11 MR. THAR: We could ask both the city and the  
12 county through the city-county council to provide us  
13 with that type of information, as well as suggestions  
14 from Boyd, as to how -- let's -- well, let's say we  
15 did it this way. Let's say five hundred thousand  
16 dollars of the nine hundred thousand dollars is to go  
17 to city and county issues and that the city and the  
18 county have X number of days to provide the staff with  
19 this information. Four hundred thousand dollars is to  
20 go to charitable contributions. Boyd has X number of  
21 days in which to provide to us how that four hundred  
22 thousand dollars can be done.

23 Now, I'm not saying that's the dollar amounts  
24 or the way it's done. But what it would do is it  
25 would set how much money is to go in what directions

4  
1 and still leave time to fill in by the people that  
2 know better what those should be.

3 Now, the next question is, if we go that  
4 direction, do you want to save final approval of this  
5 for the next time the Commission meets?

6 MS. BOCHNOWSKI: I find of feel that I liked  
7 Tom's general concept where the money that's to --  
8 nine hundred thousand dollars, let's say, that that  
9 would be divided up just the way the tax dollars are  
10 between city and county. So that I think that since  
11 this is a -- you know, this is a county-wide, at least  
12 under the statute, it's been looked at as a  
13 county-wide boat, that it would be divided that way.

14 I hate to have this watered down. These are  
15 great projects, and it would be really nice to have  
16 something that would really benefit. You know, I  
17 mean, I guess charities -- you know, I don't know.

18 MR. THAR: Well, I mean, you have the ability  
19 if you want to say of the projects presented by the  
20 mayor, let's fund the second one at two hundred and  
21 some thousand, the remaining money will be distributed  
22 as the tax money is normally distributed, or however  
23 you want.

24 But I can't pull that together till I get a  
25 sense and the Commission has a sense about how they

4 1 want this to be handled.

2 CHAIRMAN VOWELS: Well, I mean, I'm looking at  
3 the charitable contributions here. I think if we  
4 agree on the nine hundred thousand dollar number that  
5 the next step is to agree what portion of that would  
6 go to charitable contributions. And then I would want  
7 to leave it up to Boyd to make the determination of  
8 which of these, what money goes where in this.

9 I don't want to sit on high here and decide  
10 that one charitable organization is more deserving  
11 than another. I'd like to leave it closer to home,  
12 and then they can submit that to the Commission for  
13 final approval. But to me, the confusing part is the  
14 step with the government entities there, the city and  
15 the county.

16 MS. BOCHNOWSKI: Except if you do give to Boy  
17 Scouts, you need to give to Girl Scouts.

18 MR. THAR: Mayor Brillson?

19 MAYOR BRILLSON: I have a few practical  
20 comments.

21 CHAIRMAN VOWELS: Okay.

22 MAYOR BRILLSON: You must give us direction.  
23 If there is, indeed, nine hundred thousand dollars or  
24 five hundred thousand dollars, please don't create a  
25 nightmare for us back home while everyone dickers

4  
1 about it.

2 CHAIRMAN VOWELS: You want us to tell you what  
3 to do?

4 MS. BOCHNOWSKI: Yeah, I agree.

5 MAYOR BRILLSON: I have some wonderful ideas  
6 if the money returns to our community for quality of  
7 life issues. But you're talking about county and  
8 city, and you need to realize that, as your home  
9 county, there's all kinds of issues that come up when  
10 money is at the point of the discussion.

11 So if you could give us direction,  
12 particularly I think that it should be specific  
13 direction so that we understand exactly what your  
14 intentions are today. And I think that would be a  
15 little bit more practical.

16 I would also put on the table that we do have  
17 the community enrichment appropriation as part of our  
18 casino's original development agreement, and they  
19 disbursed seven hundred and fifty thousand dollars,  
20 will be disbursing seven hundred fifty thousand  
21 dollars to community and county charitables,  
22 not-for-profits, educational entities.

23 In addition, our adjusted gross gaming revenue  
24 that comes into the city, twenty-five percent of that  
25 flow goes to all governmental units in the towns,



5  
1 which includes schools, libraries, county government,  
2 etcetera, etcetera, just for your information.

3 MS. BOCHNOWSKI: Well, you know, boy, that  
4 nine hundred thousand dollars, you could just about  
5 take care of this, couldn't you?

6 MR. DARKO: But if we're going to get in the  
7 Santa Claus business, don't we need to know who else  
8 has asked for the money that has not been listed by  
9 either the city or Boyd? I mean, there might be some  
10 fine charity out there that has asked to be considered  
11 and somebody said no. And if we're going to be the  
12 judges of who gets the money, I'd like to know about  
13 those folks, too. Maybe Purdue wants some of that  
14 money.

15 I tend to think it shouldn't be our job to  
16 decide to which agency the money is going to go.

17 CHAIRMAN VOWELS: That's what I was saying.

18 MR. DARKO: That's Don's point.

19 MR. MILCAREK: I would agree.

20 CHAIRMAN VOWELS: I don't want to micromanage  
21 from here. So I would leave that up to Boyd, with the  
22 final approval from us, just in case something looks  
23 strange.

24 MS. BOCHNOWSKI: Why don't we have something  
25 put on paper? You know, you don't have to do -- you

5  
1 don't get any money, so you don't have to fight with  
2 people.

3 If we get something done on paper, can we  
4 approve it next time?

5 MR. THAR: We can.

6 MR. DARKO: We ought to decide the amount  
7 today though.

8 CHAIRMAN VOWELS: Right.

9 MS. BOCHNOWSKI: I mean, we can vote on an  
10 amount, but the details then we would approve at the  
11 next meeting, because this is going to take --

12 MR. THAR: It's going to take some time, and I  
13 think the mayor -- while we, on the one hand, are not  
14 in the best position to figure out where the money  
15 would best go, if we say it's open door, the mayor  
16 will have a nightmare on her hands. The streets of  
17 Calcutta will have less beggars than Michigan City  
18 would, I think.

19 MR. DARKO: She deals with that all the time.

20 CHAIRMAN VOWELS: It's her job.

21 MR. DARKO: That's what she gets paid the big  
22 bucks for.

23 MS. BOCHNOWSKI: I would love to see this have  
24 an actual impact. I mean, I think there's probably --  
25 if you start watering it down here, a little here, a

5  
1 little there, then it's nothing.

2 MR. THAR: I don't know necessarily though. I  
3 mean, if the Commission said today that it's a million  
4 dollars, one hundred thousand dollars of it's fine.  
5 So they said four hundred thousand dollars will go to  
6 governmental activities, another X number of dollars  
7 will go to -- or the remaining dollars will then go to  
8 charitable contributions, however you want to split it  
9 up, it gives direction of some sort. And it then  
10 gives us the ability to say, okay, now we want more  
11 detail.

12 MS. BOCHNOWSKI: Okay. Well, I would like to  
13 see -- I'd like to see it heavier on the -- I hate to  
14 just give money to government, but I don't see -- city  
15 government doesn't operate like big, you know,  
16 national government. I would like to see it heavier  
17 on the government side for specific special projects.

18 I'd like to see this, you know, have a -- I  
19 really would like to see this make a positive impact.  
20 Instead of something negative, it becomes something  
21 very positive. And so I think, you know, charities  
22 maybe get a couple hundred thousand dollars, but I  
23 would like to see it go more the other way.

24 CHAIRMAN VOWELS: Let's do this first. Let's  
25 decide what the charitable contributions and the fine

5  
1 will be. And what we have on the table here, the  
2 proposed settlement agreement, is an aggregate of a  
3 million dollars. And what I would think to propose is  
4 a one hundred thousand dollar fine with nine hundred  
5 thousand dollars to go to the entities that we  
6 discussed.

7 MR. DARKO: I don't want to be the hard guy at  
8 the table, but I still want to speak in favor of Mr.  
9 Thar's recommendation of a total of a million one. I  
10 still think it is an extremely serious violation.  
11 Part of it was inadvertent; part of it was not  
12 inadvertent, quite honestly. And I think that  
13 something in excess of what the company itself  
14 initially suggested is appropriate.

15 CHAIRMAN VOWELS: Well, they had initially  
16 suggested seven hundred and fifty thousand.

17 MS. BOCHNOWSKI: Well, how about if we have a  
18 motion?

19 DR. ROSS: We're pretty much agreed on this.  
20 We're one hundred thousand dollars off. Can we have  
21 a vote?

22 CHAIRMAN: Okay. Does someone want to make a  
23 motion?

24 MR. MILCAREK: I make a motion for a one  
25 hundred thousand dollar fine and one million dollar

5  
1 contribution.

2 MR. DARKO: Second.

3 MS. BOCHNOWSKI: Wait. So you're talking one  
4 million, one hundred?

5 MR. MILCAREK: One million, one hundred  
6 thousand dollars.

7 CHAIRMAN VOWELS: Here -- okay. We have a  
8 motion and a second, now discussion. Mr. Thar, we're  
9 negotiating -- I'm not sure where we are here. This  
10 is a settlement agreement.

11 MR. THAR: Basically it's this. They've  
12 offered seven hundred fifty thousand dollars; they  
13 indicated they would not object to a total of a  
14 million. This Commission has now made a motion before  
15 it to say that while we're agreeable to settle it, our  
16 settlement figure is one point one million. At least  
17 that's what the motion is.

18 If that motion passes, then it would be to Mr.  
19 Boyd to decide whether or not he wishes to accept that  
20 as a settlement offer. He can accept it or decline  
21 it. If he declines it, then we start a disciplinary  
22 action or the Commission votes on another motion.

23 If the Commission by the same token decides by  
24 a majority that one point one is the inappropriate  
25 number, then there would be another motion.

6  
1 MS. BOCHNOWSKI: Okay. I'm going to vote  
2 against it, and I'll tell you why, because I think  
3 that I'd like to come up with a settlement, and I  
4 think we can come up with a settlement at a million.  
5 So that's that's just my vote and how, why.

6 CHAIRMAN VOWELS: All right. We have the  
7 motion and the second and that discussion.

8 DR. ROSS: We have another statement.

9 CHAIRMAN VOWELS: Okay.

10 MS. BOCHNOWSKI: Yeah.

11 DR. ROSS: Mr. Boyd has agreed to a million.  
12 I'm sure he's not going to put all of his lawyers  
13 through a disciplinary hearing for another hundred  
14 thousand.

15 CHAIRMAN VOWELS: And I thought about that,  
16 too, except that's why he's got a lot more money than  
17 me, and he quibbles over a hundred grand.

18 So is there any other thought?

19 MR. SWAN: Yeah. I still believe that they  
20 have come to us in good faith. They said they made  
21 this error. They came in originally and said we're  
22 willing to settle at seven fifty total. Then they  
23 immediately upped it to a million total. They are  
24 doing these things in good faith. I think we should  
25 take that million dollars and be happy with it.

6  
1 CHAIRMAN VOWELS: We have a motion and a  
2 second for one point one million dollars. I think  
3 we'll do it by a show of arms. All those in favor  
4 of that motion?

5 (Mr. Milcarek, Mr. Darko and Mr. Ross raised  
6 their arms.)

7 CHAIRMAN VOWELS: Three. The motion fails.  
8 That puts us back, I would believe, to the nine  
9 hundred thousand and the one hundred thousand. Is  
10 there a motion for that?

11 MS. BOCHNOWSKI: I move that we levy a fine of  
12 a hundred thousand dollars and accept charitable  
13 contributions in the total amount of nine hundred  
14 thousand dollars.

15 MR. SWAN: Second.

16 CHAIRMAN VOWELS: There's been a motion and a  
17 second. Any further discussion?

18 When you refer to charitable contributions,  
19 we're talking about the government?

20 MS. BOCHNOWSKI: Exactly right.

21 CHAIRMAN VOWELS: We have a motion and a  
22 second. Any further discussion?

23 All those in favor of that motion raise their  
24 right hand.

25 (Chairman Vowels, Ms. Bochnowski, Mr. Swan and

1 Mr. Carlton raised their arms.)

2 MR. SWAN: You can't vote twice.

3 MR. DARKO: It's America.

4 MS. FLEMING: Boyd would like to request the  
5 ability to deal with the settlement agreement language  
6 even if the actual decision is not made so that they  
7 can get this behind them and provide the notification  
8 to the other jurisdictions if that is acceptable to  
9 the Commission.

10 MR. MILCAREK: I'd like to make a comment  
11 here. When we first got involved with Boyd, I had  
12 some second thoughts about negotiating for the city,  
13 to get some additional money coming into the city.  
14 In about an hour, the city administration and Mr. Boyd  
15 were able to get together, and I think they did an  
16 excellent job.

17 I would like to think that in something like  
18 this, the same group of people could get together and  
19 come up with the proper way to split the money up that  
20 would benefit the city and the county and the  
21 charitable rather than us as a committee, as a  
22 Commission, trying to decide.

23 Based on the performance of the original  
24 agreement, I think it would be a good body to  
25 determine how it should be split up subject to



6  
1 Commission approval.

2 MR. THAR: I would agree with that on a micro  
3 sense, but not on a macro sense, because I think if we  
4 leave too much, there's too many hands screaming that  
5 why didn't it go this way or why didn't it go that way  
6 or why did we only get X when we could have had X  
7 plus.

8 I think to some degree the Commission should  
9 say of the nine hundred thousand dollars, how much  
10 should be -- should go to governmental activities, how  
11 much, if any, should go to straight charitable  
12 contributions. And then those details can, I think,  
13 be worked out at a little bit better level, and  
14 subject to Commission approval, which would then take  
15 some of the heat off of the public officials that were  
16 making this decision that the Commission just may not  
17 approve something if it looks too out of whack.

18 MS. BOCHNOWSKI: Remind me. What is the  
19 division between the city and the county?

20 MR. THAR: I don't remember offhand. Mayor  
21 Brillson?

22 MAYOR BRILLSON: What was the question?

23 MR. THAR: The division of the moneys, the tax  
24 moneys now, how is it divided between the city and the  
25 county?

6  
1 MAYOR BRILLSON: The county gets a dollar from  
2 the head tax, and they get twenty-five percent of the  
3 adjusted gross gaming revenue.

4 MS. BOCHNOWSKI: What's the head tax?

5 MAYOR BRILLSON: That's disbursed -- I don't  
6 have the figures with me.

7 CHAIRMAN VOWELS: The head tax is the --

8 MS. BOCHNOWSKI: No. I mean how much. It's  
9 three dollars? Okay.

10 MR. THAR: The head tax is by state. The  
11 Twenty-five percent is by agreement?

12 MAYOR BRILLSON: Right. It was by council.

13 CHAIRMAN VOWELS: Okay. So twenty-five  
14 percent of the AGR goes to the county?

15 MR. THAR: No.

16 CHAIRMAN VOWELS: Is that what you told me?

17 MR. THAR: Twenty-five percent of the amount  
18 of money Michigan City receives from the gaming tax  
19 goes to the county.

20 CHAIRMAN VOWELS: Right. Okay.

21 Well, what we're looking at is nine hundred  
22 thousand dollars to be divided between the  
23 governmental activities and the charitable  
24 contributions; right?

25 MR. THAR: The flip side is if that's too

7  
1 complicated, you could delegate the staff to do that  
2 and then bring it back to you with some reasons as to  
3 why we came up with it. And then when you have the  
4 reasons and see the lines, you might be able to then  
5 say, you know, let's adjust it this way and this way,  
6 because you'd still have that authority.

7 MS. BOCHNOWSKI: I'd like to see that. And  
8 then we'd take it out of her hands, too.

9 MR. DARKO: Is that a reasonable request to  
10 make to the staff that you do that for us?

11 MR. THAR: It might be easier than trying to  
12 put pen to paper here.

13 MR. DARKO: I would think that's a very good  
14 idea.

15 CHAIRMAN VOWELS: Yeah. I mean, I feel  
16 inadequate at this point of being able to make an  
17 intelligent decision.

18 Don't look at me like that.

19 MR. THAR: The whole room is snickering.

20 MS. BOCHNOWSKI: Maybe the county -- you know,  
21 if we're saying you might end up getting a quarter of  
22 this, maybe they'd be able to come up with a specific  
23 project. I mean, I just really -- it really appeals  
24 to me these specific projects having -- you know,  
25 something that will show for this, that will last

7  
1 forever.

2 MR. THAR: I'll tell you what we would  
3 probably do is we would, as a staff, based upon the  
4 comments I've heard today, probably more than fifty  
5 percent of the nine hundred thousand dollars would go  
6 towards governmental stuff.

7 MS. BOCHNOWSKI: Uh-huh.

8 MR. THAR: Of that, we try to earmark a  
9 specific project, try to help other projects that may  
10 need more infusion of money. I mean, personally I  
11 think sewers and water are wonderful concepts. That  
12 we need so much that we might want to fund that  
13 Michigan City Foundation?

14 MAYOR BRILLSON: Enrichment Corporation.

15 MR. THAR: Enrichment Corporation. Because  
16 that disburses money. It's much like the Rising Sun,  
17 I guess, Foundation and the way they are able to  
18 leverage money out in other ways and then disburse it.

19 And then we can take a look at maybe X number  
20 of dollars also to various charitable groups that are  
21 in need of some particular stuff. And we can get  
22 input for that and maybe propose back to the  
23 Commission this is the plan.

24 MS. FLEMING: If it would be acceptable to the  
25 Commission, Boyd would like approximately a two-week

1 period to meet with the mayor and then provide a  
2 report to the staff. That would help.

3 CHAIRMAN VOWELS: Why don't we do that?

4 MS. FLEMING: Boyd would also request that we  
5 could get some type of settlement language so that we  
6 would be able to provide the notification to the other  
7 jurisdictions. You could have the staff approve the  
8 final language if that's acceptable.

9 MR. THAR: I think in order to do that, we're  
10 going to have to wait till we have the final document.  
11 There won't be anything to -- right now, it's still in  
12 the air. While it has -- this Gaming Commission, I  
13 mean, we can talk about providing you a letter that  
14 the Gaming Commission has agreed to settle a  
15 particular issue --

16 MS. FLEMING: Thank you.

17 MR. THAR: -- for this dollar amount. But the  
18 final documents have not yet been done. We can do  
19 that, because I think that resolution, in fact, passed  
20 today.

21 MS. BOCHNOWSKI: It passed.

22 MS. FLEMING: That would be helpful. Thank  
23 you.

24 MR. THAR: So we -- as a matter of fact, the  
25 staff will draft a resolution that reflects the one

7  
1 million dollars, and then we'll provide you with a  
2 copy of that resolution after it's signed. It's going  
3 to take a couple of weeks, because it's got to be  
4 mailed to the opposite ends of the state. If that  
5 will do it.

6 So, Mr. Chairman, if you desire, you could ask  
7 the Commission to vote to have the staff put together  
8 the specifics and present it to the Commission at the  
9 next meeting, or just direct us to do that, if that's  
10 what you'd like.

11 CHAIRMAN VOWELS: Okay. Is there anyone who's  
12 opposed to that? All right. Then the staff is so  
13 directed, and then you can communicate that to the  
14 Commission, and we can decide the final result.

15 All right. That takes of that. The last  
16 issue on the agenda, is there any other business? We  
17 don't have any next meeting planned. So is there a  
18 motion to adjourn?

19 MR. SWAN: So moved.

20 CHAIRMAN VOWELS: Second?

21 I'm sorry.

22 MS. FLEMING: Is the consulting agreement  
23 going to be dealt with today?

24 MR. THAR: That's the second step. I forgot.  
25 If we agree to settle this case, Boyd did submit, and

1 I have submitted to you, the consulting agreement.

2 CHAIRMAN VOWELS: Has that changed since?

3 MR. THAR: The consulting agreement does  
4 have -- it's a tad different than the one that was  
5 provided to the Commission a couple days late. It  
6 changes a little bit of the dollar amount, and it also  
7 acknowledges that there's some -- if approved, there's  
8 some expenses that need to be paid that backdate  
9 today's date.

10 Is that consulting agreement still considered  
11 confidential by Boyd?

12 MR. LARSON: We have not requested  
13 confidential treatment at this point.

14 MR. THAR: Are you requesting it today?

15 MR. LARSON: No.

16 MR. THAR: Do you want to take a moment and  
17 consult over that? And I'll tell you the reason for  
18 my asking. You've advised me that or you've advised  
19 this Commission that there's only one place it's been  
20 disclosed, and that was to the Indiana Gaming  
21 Commission.

22 Do you wish that to be continued as a  
23 confidential document of Boyd Gaming or do you not?  
24 I'm just --

25 LARSON: One minute. Yes, we would like to

1 keep our request for confidentiality.

2 MR. THAR: Well, is it Boyd's position that  
3 that is a confidential document that contains  
4 proprietary information not required to be disclosed  
5 by statute specifically or other trade secrets of the  
6 company?

7 MR. LARSON: Yes, both.

8 MR. THAR: Then we need to deal with this  
9 document as a confidential document, unless somebody,  
10 some authority at some time tell us it is not.

11 CHAIRMAN VOWELS: This is the correct one, the  
12 one where it's the January 10th, 2000, date?

13 MR. THAR: Is that the most --

14 MR. LARSON: January 10th, 2000?

15 MR. THAR: Yes.

16 MR. LARSON: Yes, it is.

17 MR. THAR: If you take a look at Page 3,  
18 there's been change in language at 6, Subparagraph  
19 B(iv). That's on Page 3, area labeled 6, Subparagraph  
20 B(iv); that's been inserted. Page 4, Item 9, that's  
21 confidentiality. Page 5, top of the page, Item C. We  
22 turn back to Page 3, Item 4 labeled Consideration,  
23 that is different than the one that was originally  
24 proposed. And Item 5 with regard to expenses.

25 Miss Fleming, will you make sure that this



1 is -- I want to give you the copy of the agreement  
2 that the Commission is looking at. I want to make  
3 sure that's the most recent one, if you want to take  
4 it back and compare it with what you have.

5 Is that the right date?

6 MR. LARSON: Yes.

7 MR. THAR: And that -- the one that is there  
8 is signed.

9 MR. LARSON: Yes.

10 MS. FLEMING: Yes.

11 MR. THAR: Okay. Thank you.

12 So those are the changes. I think when we  
13 forwarded it to you, we did not have both signatures.  
14 We had one. The document that I have has both.

15 CHAIRMAN VOWELS: So we have the consulting  
16 agreement here. And with the confidentiality aspect,  
17 the discussion, of course, is limited. Our role here  
18 is to approve or deny the existence of this consulting  
19 agreement?

20 MR. THAR: That would be right.

21 CHAIRMAN VOWELS: Is there a motion to approve  
22 or deny the consulting agreement?

23 MR. DARKO: I'll move to approve the  
24 agreement.

25 CHAIRMAN VOWELS: Is there a second?

1 DR. ROSS: Second.

2 CHAIRMAN VOWELS: Is there any further  
3 discussion?

4 All those in favor say aye.

5 (Unanimous Vote)

6 CHAIRMAN VOWELS: Show that it is approved.

7 And, Miss Fleming, is there anything else?

8 MS. FLEMING: No. Thank you all.

9 CHAIRMAN VOWELS: If not --

10 MR. MILCAREK: Mr. Chairman, could Jack  
11 summarize exactly what's going to happen here so  
12 everyone can follow the last -- Miss Fleming made a  
13 statement about the mayor and Mr. Boyd getting  
14 together over something. I Kind of missed that part.  
15 What is the exact course of action we're going to take  
16 now?

17 MR. THAR: We will give Boyd Gaming and  
18 Michigan City approximately two weeks in which to  
19 provide to us their thoughts on what the projects are  
20 and how possibly this nine hundred thousand dollars in  
21 available money can be distributed, keeping in mind  
22 that we might be looking for a combination of a  
23 specific project that can be completed with some of  
24 the money, some other noteworthy projects that either  
25 might be completed or be substantially advanced based

1 upon the use of some of the other money, and what some  
2 suggested charitable donations might be.

3 We will then from a staff point of view work  
4 through that with them, maybe make some suggestions or  
5 not. And then eventually it will come back to the  
6 Commission at the next meeting that here is what has  
7 been proposed as to how this nine hundred thousand  
8 dollars should be distributed, along with the one  
9 million dollar fine.

10 In the interim, we will draft a resolution  
11 which says that the Indiana Gaming Commission agreed  
12 to settle, to enter into a settlement agreement with  
13 Boyd, for a total monetary cost of one million  
14 dollars, nine hundred thousand dollars to be in  
15 donations, one hundred thousand of it to be in fines,  
16 and that it was passed in that fashion.

17 That resolution will be signed. A copy will  
18 be provided to Boyd. We will draft another resolution  
19 in which we'll indicate that we took up a consulting  
20 agreement and that that consulting agreement was  
21 approved.

22 That's how I see it at this point in time.

23 CHAIRMAN VOWELS: Okay. And --

24 MR. BOYD: Thank you very much for your  
25 consideration.

1 CHAIRMAN VOWELS: Thank you, Mr. Boyd.

2 Is there any other business? All right.  
3 We don't a next meeting planned at this time.

4 MR. THAR: No. I would have you note two  
5 things on the calendar. Present time lines for  
6 Belterra would put it towards the end of August, first  
7 part of September. So, number one, when we do that  
8 opening, we will have a meeting there in Switzerland  
9 County at that facility.

10 Before then, we will certainly at least have  
11 to have a telephone meeting. So we will try to get  
12 the information out, and may very well end up dealing  
13 with the final aspects of the Boyd application issues  
14 and the settlement therein on the telephone.

15 CHAIRMAN VOWELS: Okay. All right. Anything  
16 else then? All right. Is there a motion to adjourn?

17 MR. SWAN: So moved.

18 CHAIRMAN VOWELS: Second?

19 MR. MILCAREK: Second.

20 CHAIRMAN VOWELS: We're adjourned.

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STATE OF INDIANA )  
 ) SS:  
COUNTY OF MARION )

I, Kathleen L. Cast, a Notary Public in and for said county and state, do hereby certify that on the 12th day of May, 2000, I reported the foregoing Gaming Commission Business Meeting; and that the transcript is a full, true and correct transcript of said meeting to the best of my ability.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal this 19th day of June, 2000.

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Kathleen L. Cast, Notary Public,  
Residing in Marion County,  
Indiana

My commission expires:  
February 9, 2007