

INDIANA GAMING COMMISSION
TRANSCRIPT OF PUBLIC HEARING
HELD ON JUNE 23, 2005

The Indiana Gaming Commission held a public hearing on June 23, 2005 in the Hoosier Ballroom A & B at the French Lick Springs Resort and Spa located at 8670 West State Road 56, French Lick, Indiana. The purpose of the hearing was for consideration of applicants and the selection of an operating agent for a gaming facility to be located in Orange County, Indiana. The following is a complete transcript of said public hearing.

HAROLD CALLOWAY: Good morning. We want to get the meeting started now. My name is Harold Calloway, Chairman of the Commission. We would like for the head table to introduce themselves, Commission members starting to my left. Would you introduce who you are and where you're from?

TIM FESKO: I'm Tim Fesko and I'm from Lake County.

ANN BOCHNOWSKI: I'm Ann Bochnowski and I'm also from Lake County.

MARYA ROSE: Marya Rose from Indianapolis.

BRYAN ROBINSON: Bryan Robinson, Greenville, Floyd County.

DON VOWELS: Don Vowels from Evansville.

EARNEST YELTON: I'm Ernie Yelton, Executive Director.

JENNY ARNOLD: Jenny Arnold, Deputy Director.

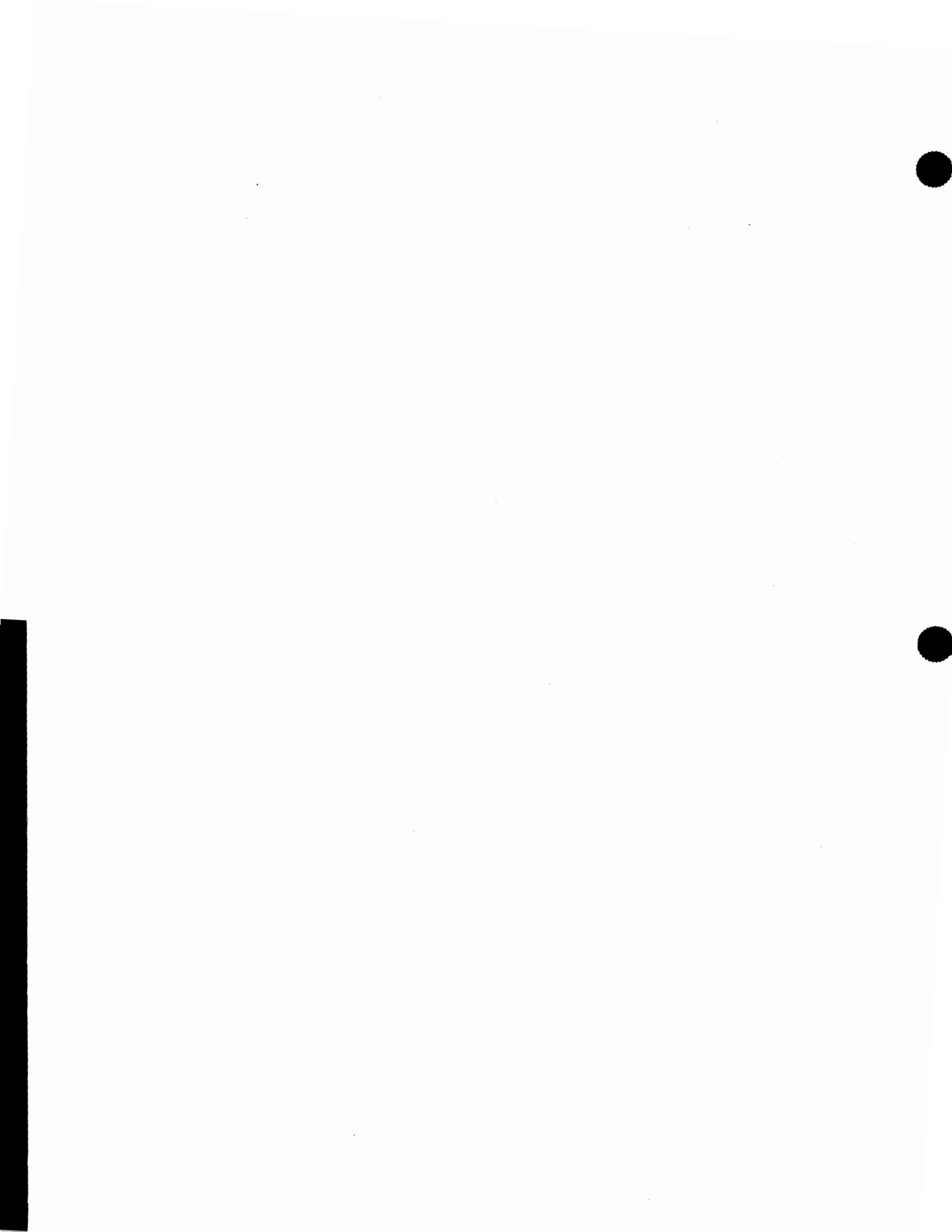
PHILLIP SICUSO: Phillip Sicuso, Chief Counsel.



MS. TIMBERMAN: Tammy Timberman, Administrative Assistant.

HAROLD CALLOWAY: Thank you, all. We're glad to be here today, and good morning to everyone. The Commission would like to welcome members of the public and representatives of Blue Sky Casino to this hearing today. The purpose of the hearing is to consider the proposal of Blue Sky Casino to be the operating agent of a casino to be located here in French Lick. During the past few months, key persons involved in this application have all undergone background investigations conducted by the Indiana State Police and all were found to be suitable from a professional, personal, and financial standpoint. Today Blue Sky Casino has the opportunity to present its plan to the Commission and to the public. The Commission will then hear from the Historic Hotel Preservation Commission regarding its recommendation, and members of the public will also have the opportunity to address this Commission. If anyone out there is interested in making comments, we have a sign up sheet, and Angie in the back - Angie, would you raise your hand, please? See Angie and she will take your name, and when you get ready to speak, if you will come to the podium here to do that. At this time, we will have a report from the Center of Urban Policy, Laura Littlepage from Indiana University-Purdue University in Indianapolis.

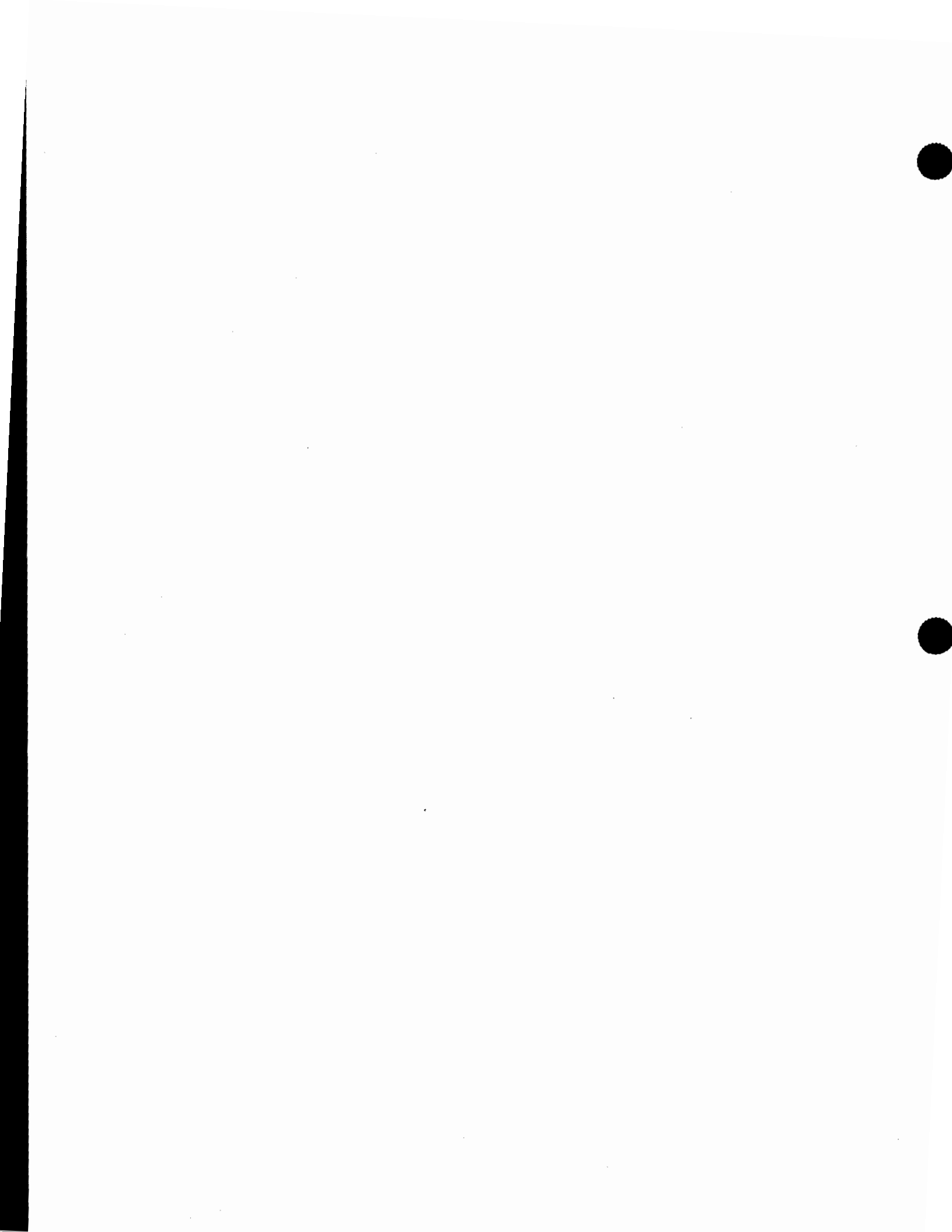
MS. LITTLEPAGE: Good morning, and my trusted assistant is



going to the computer, so as soon as she gets there, I'll start. I can't be in two places at once, and we've got the microphone and computer in two places. Sorry about that. Little delay. As the Commissioner said, I'm Laura Littlepage with SPEA, and I'm just going to give you an overview of the report that you have in front of you already. Everything that's in this presentation you already have, but it's a summary, and to give you some perspective, we compared the Blue Sky Casino application to the one previously from Trump and also (inaudible), and as you can see, the initial investment from Blue Sky Casino is significantly higher than Trump's initial investment, as well as the average, and the two hundred fifty million is the capital investment. The actual project is actually three hundred twelve million, is it's even higher. But the first year employment is actually less than Trump and significantly less than any of the other riverboats, including it's even about half of the lowest Indiana riverboat. Of course, the wages are similar to the employees and are significantly lower than any of the other boats. Now, most all the other boats have commitments to hire local residents, and Trump had promised to hire forty-five percent (45%) Orange County residents. Blue Sky Casino has committed to giving priority, but they haven't committed to a specific percentage, and as you can see, the highest is actually eighty-four percent (84%) local residents. Now, one



thing that should be kept in mind is that there are only eight hundred (800) unemployed people in Orange County, so that would tend to make it a little harder to employ a high percentage of Orange County residents. Similarly, for employed minorities, neither Trump nor Blue Sky Casino made a specific commitment, where most of the other boats have made commitments to hire minorities, but again, Orange County has three percent (3%) minority population, so it might be a little difficult to meet any projections. Now, if you look at the attendance, Blue Sky Casino's attendance for year one and year five are both higher than Trump had projected, but they're not out of line with - they're lower than the average Indiana riverboat and not out of line with the low Indiana riverboat. The AGR is similarly higher than the Trump application, but actually a little higher than the low Indiana riverboat and actually much lower than the average of the Indiana riverboats. The actual number of slots is the same as for Blue Sky Casino and Trump and a few less table games, and those are actually all lower than the averages for even the lowest Indiana riverboat. Now, for the incentive packages, Blue Sky Casino has a one million dollar, one time contribution to HHPC, which is actually in the statute, and then they set up a minimum of seven hundred and fifty thousand (750,000) and then they have a progressive percentage payment that actually is lower than Trump, which is the next slide,



who had a three million, and they had a minimum of 1.25, and they went up higher, but when you actually compare the numbers, because Blue Sky Casino has a higher projected revenue, the actual is about 1.9 million, either way, for incentives, so if they meet their projection for revenues, the incentives will be the same. Now, to compare them similar to Trump, the gaming square feet, the number of slots and table games, incentive payments, and neither one had a commitment to minority hiring, but different from Trump is there's a larger overall investment and a significant investment in the French Lick and West Baden Hotels, which Trump didn't have anything like that. There are a slightly lower level of employees and wages, there's no guarantee to hire Orange County residents, but then there's also higher estimates of admissions, win per slot, overall win, and win per patron. Now, some of that brings into question some of the things in the financial analysis, and you have the whole report in front of you, and I decided to just try to summarize some of the key points. These are Charlene Sullivan's points, and I can't begin to explain her spreadsheets, so I didn't even bother to put it up here, but some of the key points she had is that there's little equity. It's ninety-two percent (92%) debt financed, and she did an assumption from the financing plan we just got and said that if they're going to finance two hundred and thirty-five million, thirty (30) year repayment, ten (10) year



interest, sort of like when you do your house, you see what your payments would be, that a ten (10) year annual average debt service would be fifty-seven percent (57%) of the total combined before tax cash flow to the casino and the hotel, which is a pretty debt wage over ten (10) years, and then even with the high assumptions of casino revenue, a ten (10) year average of a hundred and forty-five million and cash flow, Blue Sky Casino needs to demonstrate their ability to secure equity financing if the project doesn't generate that money, as well as to meet future cash calls, so if they don't meet those high AGR targets compared to what Trump projected and what the other applicants last year projected, then where is the money going to come from is the basic question. Thank you. Any questions?

HAROLD CALLOWAY: Thank you. Now we will have a presentation from Blue Sky Casino. Bob Lauth.

BOB LAUTH: Good morning. My name is Bob Lauth and I am Chairman and CEO of the Lauth Group, a privately held development and construction company based in Indianapolis and a member of the Blue Sky Casino, LLC. The Blue Sky Casino team is here today to describe our vision and our plan to restore the French Lick Springs, the West Baden Springs Resorts, build a nautical themed Las Vegas style casino, a conference and event center, a parking garage, and more while making this valley the premiere resort destination in the



Midwest. Our team represents the best of class for each of the disciplines required to make this project a success, and we are very pleased to have Majestic Star as our gaming manager and Benchmark Hospitality as our resorts manager. The people you will hear from this morning represent only a fraction of the talent and resources that these companies will be devoting to this project, and we are all extremely committed to making this the Midwest premiere resort destination. I'd like to begin by telling you what Blue Sky Casino brings to this project and why we will make it a success. If selected, we will invest approximately three hundred million dollars in the initial phases of the project, and that investment will, in return, generate millions of dollars of new revenue each year for both this community and the state. Our group has already invested over sixty-two million dollars in the two hotels, and there is much work yet to be done. I believe Blue Sky Casino is unique in that all the profits generated by it will stay here in Indiana. They will stay here in our state to be reinvested, and in fact, over one-half of the profits will be donated directly to charitable causes here in Indiana. I also believe that Blue Sky Casino is uniquely qualified to execute our plans, and I believe this for several reasons. First, Blue Sky Casino is the first applicant for this operating contract to own both hotels, as well as the casino, and we believe this is vital to



the success of the project. Nowhere else in the United States will you find two resorts less than a mile apart of the historical and architectural significance of the French Lick Springs and the West Baden Springs. We already own the hotels, and when combined with the new casino and new event and conference center and other related improvements, these fully restored and magnificent properties will offer an unparalleled Midwestern gaming and resort experience. For the first time in Indiana, Blue Sky will offer a true Las Vegas style gaming experience complete with a grand and unique casino, two first class hotels, PGA championship golf, world class spas, and more. Secondly, Blue Sky has the enviable financial ability to complete this project. We issued our request for financing proposals late last week and already we have received overwhelmingly positive response from many of the nation's leading lenders who are anxious to compete for our business. The sixty-two million in equity already contributed, combined with the sponsors' reputations and our sixty-nine (69) years of combined financial experience make this financing very attractive to the lenders, and we have no doubt in our ability to secure the funding necessary. Third, we're one hundred percent (100%) Hoosiers. The Lauth Group and the Cook Group, two of Indiana's largest privately held companies, are both headquartered here in Indiana, and our plan will create many more new jobs for Hoosiers. In short,

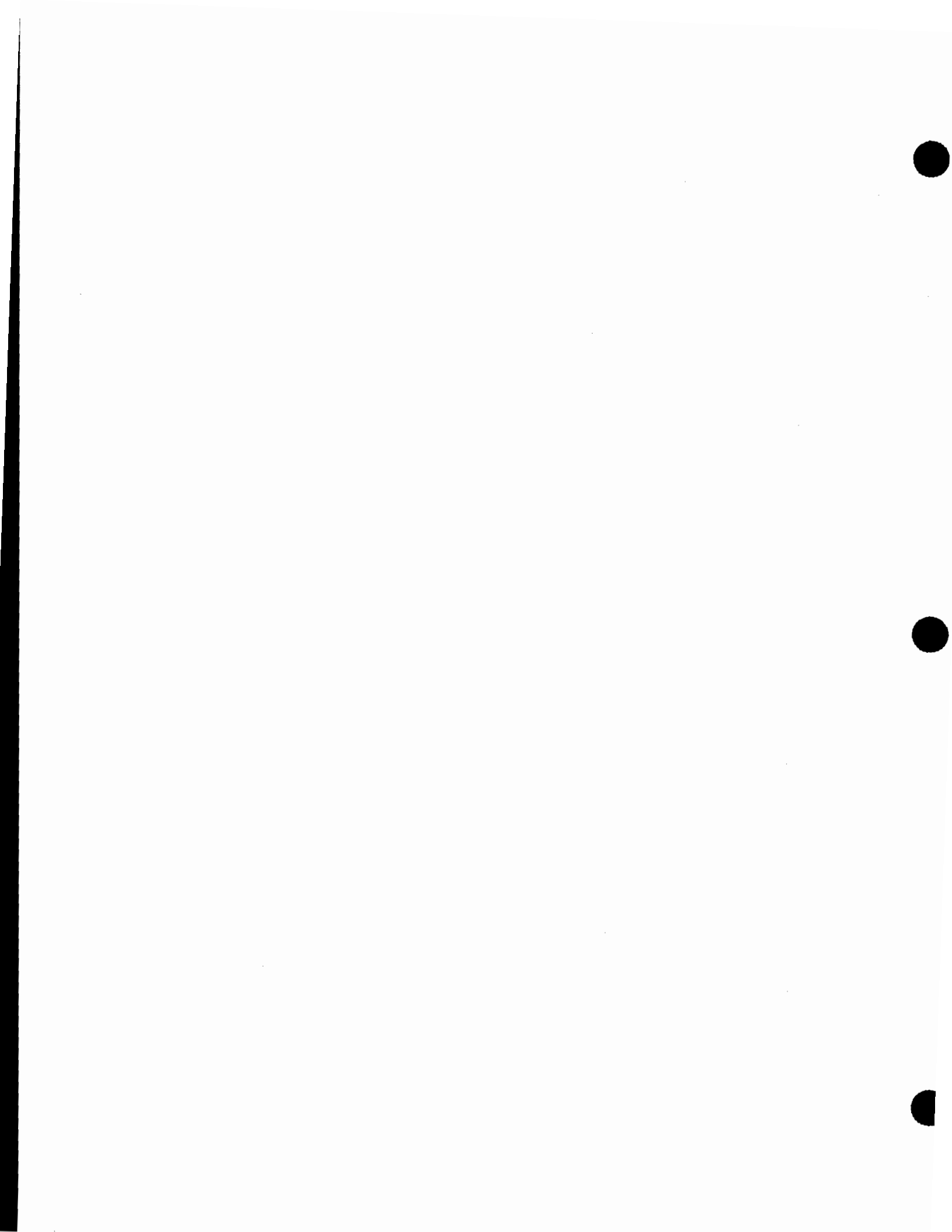


we have our state's best interest at heart, and we take great pride in what we do. Finally, the Blue Sky team has the proven experience to make this project what all of us want it to be: Successful. We have the proven casino operator, Majestic Star, a premiere resort operator, Benchmark Hospitality, an experienced national developer and contractor, Lauth Group, a committed historic preservationist, George Ridgway, a nationally recognized architectural firm, the Worth Group, and last and certainly not least, a group who for a long, long time now have repeatedly demonstrated their dedication and passion for preserving this valley, the Cook Group. Before I turn this over to Steve Ferguson of the Cook Group, I'd like to tell you just a little bit about the Lauth Group. The Lauth Group, in its primary subsidiaries, Lauth Property Group, Lauth Construction, and Lauth Management develop, construct, own, and manage commercial real estate throughout the United States. We are in our twenty-ninth year and we are one of the largest privately held development and construction firms in the United States. To date, we have developed and constructed well over two billion dollars worth of investment grade commercial real estate projects through the country, we are headquartered in Indianapolis and have five offices nationwide, and to date we have built projects in thirty-five (35) states. Let me conclude by telling you that the Lauth Group is proud to be part of the Blue Sky team, we



are enthusiastic about the opportunity to truly do something special here in the Springs Valley, and we are extremely happy to be partnered with our friends from the Cook Group. It is now my pleasure to introduce to you Steve Ferguson from Cook. Steve.

STEVE FERGUSON: Thank you, Bob, and good morning. I'm Steve Ferguson, Chairman of the Board of the Cook Group. I'd like to take a moment to review the history of our involvement in the Orange County and the West Baden and now this project. In 1996, in the spring of '96, Reed Williamson, who is head of Historic Landmarks of Indiana, came to see Bill and Gayle Cook and myself about the West Baden Hotel and said that it is one of the most historic buildings in the state of Indiana, it's one of the top ten (10) most endangered properties in the United States, the largest free standing dome in the world until the sports domes were built, which included the Houston Astrodome was the first one to exceed the free span that's at West Baden, and he said, "This is my last stop. I've taken every opportunity, but I can't find anyone to invest or loan us the money or give us the money to do this project." He was asking for a million dollars, and we said, "There's three hundred and some thousand. A million dollars is just going to begin," but having talked about it and thought about it before, we didn't see a real business use here. In our discussions I said, "This is a decision of the heart. This is



something we need to do." We started out on what we thought was a five million dollar restoration or securing the building, and I'll never forget at the announcement that Reed and I did at the fire station across the road, and we were announcing beginning this project, and a reporter from Evansville said, after we had made our presentation, "You know, there have been a lot of people here that have made presentations to us about everything they're going to do for West Baden, and what makes you different?" and I said, "Money." I would add to that today, since I got the same question earlier today, it's a two worded answer, money and commitment. We are here and have been for eight years. We started out with the restoration project, thought we could find another use, because people suggested to us that this ought to be a museum, it ought to be a state park, but we wanted to see it come back to life, bring jobs to the Valley, be what it was initially, and much more of a dream and a vision than just restoring a building. In the course of that, we realized that one of the things we needed was an additional amenity, something to do, so we engaged with the local community, with Jerry Denbo, with the Orange Shirts, in that vision to shift the casino from Patoka to this site. In the end, we had tremendous support statewide for that vision, from the Indianapolis Star, editorially, from papers all across the state. In fact, the last vote of the House exceeded ninety



(90) votes for this transfer. When we then had the opportunity, when the application was reopened this year, one thing we had learned having three different ownerships, the Boykin Group, who has been very good to work with, a casino organization and us and West Baden, and not saying that - we just couldn't bring together the common vision of leadership that we needed, and we concluded that it was very important, as with the other developments around the state of Indiana, to have the ownership in one place, and the opportunity that was afforded by coming to you with an application gave us that opportunity. The second thing we felt we needed was a first class team. Benchmark, one of the top five resort conference facility managers in the entire country, and when you see their list of properties, you'll understand that clearly. Majestic is well known to you, and Mr. Barden's organization, and the Lauth Group, who has tremendous experience in the construction and development industry. We thought this brought an ideal team to accomplish more than just a casino, more than just a restoration, but an entire vision for the Valley. The one thing I say as I stand before you today, my mother said, "Be careful what you say, because you'll eat every word." In the last six or eight years I've probably said to the Legislature, to the press, to you, to the public, to everybody who would listen, "We are not a gaming organization, and we are not going to be involved in gaming,"



and yet today, to accomplish what we need to accomplish, I'm here saying, "We'd like to have your approval for this license." We did say, from the Cook standpoint, that the revenues from the gaming would go to a charitable organization and not-for-profit, that we would invest back in southern Indiana in particular areas, primarily education, both K-12, secondary, post secondary, economic growth and quality of life, educational programs, and of course, historic preservation and conservation. This is an important part of Cook's side of the picture. As I said, this vision is not just two hotels, but bringing together two historic hotels. No place else in the country are there two hotels of this magnitude and historic significance, a seventy-five thousand (75,000) square foot state of the art conference center, a casino, a Donald Ross course. For you golfers, you know that the PGA was played last week on Pinehurst, designed by Donald Ross. This was rated recently as one of the top twenty-five (25) Donald Ross courses in the country. We're going to restore it back to its original Donald Ross design. There's over three thousand (3,000) acres. There will be a first class spa, tennis, skiing, horseback riding. As you just think about the area, the entire region has an opportunity to build upon this and other destinations. There's, obviously, the two hotels and three thousand (3,000) acres, Holiday World, Saint Meinrad's, New Harmony, Wyondotte Cave, Marengo



Cave, Blue Spring Caverns, Patoka Reservoir, which draws a million people a year. There's skiing, Spring Mill Park, Abraham Lincoln's Boyhood home, wonderful golf courses, scenic areas. We also want to make this more than just a riverboat. We want people to go into the community. We want to draw to this area so that maybe half to seventy-five percent (75%) of them are for gaming, but the other fifty (50) to twenty-five percent (25%) would be here for the other amenities that are involved in the Valley. This is just more than just a casino and a gaming operation. We want to work with the Town of French Lick and use (inaudible) districts to restore the local community. We see in the Orleans area there's sites for industrial development, for housing. Up there land looks perfectly suitable for that, in and around the expansion of the airport and a new industrial park, so we want to see much more than just a riverboat here. We're talking about an entire vision to impact what we feel like is all of southern Indiana. Finally, to give you a quick time line. Our plan is to have the casino, two hundred (200) rooms in this hotel open in the fourth quarter of '06. We plan on beginning construction on the West Baden and hopefully will have it open in July of '07, six months later, and the final completion of the other two hundred and forty (240) rooms in this hotel in the fall of '07, so that with our time line, availability of construction work and talent, we think this is a very



aggressive time line, but we think we're able to meet that. At this point, I'll turn it over to Brian Fagerstrom of the Worth Group to talk about the site plan. There's Brian. You moved on me.

BRIAN FAGERSTROM: Good morning. I am Brian Fagerstrom, a Senior Project Architect for the project from the Worth Group. We have the pleasure of providing design services for the casino, the event and conference center, as well as the parking garage. We are also working in collaboration with G.S. Ridgway and Associates on the site amenities, which include landscape architecture and civil engineering. As we look at the site plan, to orient you, north is to the right hand side of the drawing, State Road 56 diagonals along the lower left hand side. The total acreage of the project currently encompasses, including the two golf courses, the Donald Ross course and the Valley course, includes approximately two hundred and seventy-five (275) total acres. One of the main benefits of this project is single ownership, and when we looked at the project the first day, we said, "We need to capitalize on the fact that we can create a single resort destination," and to do that what we've done is we've introduced a - I apologize, I was practicing my shakiness this morning, but apparently it isn't working, but what we've done is we've created a common resort drive that begins at the intersection of State Road 56 and 145, located here. Patrons



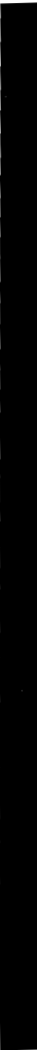
arriving, if they wish to enter the hotel, they make a left hand turn and are directed to the hotel porte cochere. Casino customers can continue on Resort Drive past the lake and then arrive at the casino entrance. Overall placement of the buildings was critical, as well. We wanted to achieve two primary things. One was to maximize public visibility for the new casino structure. Second was to maintain historic respect for the resort property. The primary issue there is the east facade of the current hotel. What we've done is we've placed the casino here. You can see it is north of the north end of the existing hotel structure. It gives it prominence from State Road 56, while also still respecting the historic landscape of the existing resort. The parking structure is located behind the casino, event center is located directly adjacent to the north wing and physically connected. The project plan does have a continuous air conditioned pedestrian access from the main hotel lobby here through the event parking and over to the casino, so once you're in the building, you never have to exit to go to the event and conference center, the casino, or any of the hotel amenities. Hotel amenities, there's two primary areas. One is restoration of the original east entrance, which will include a new oval drop off with handicap access. Along with that is a new landscaped promenade located here, again speaking to the State Road 56 public. Along the west side, we are relocating



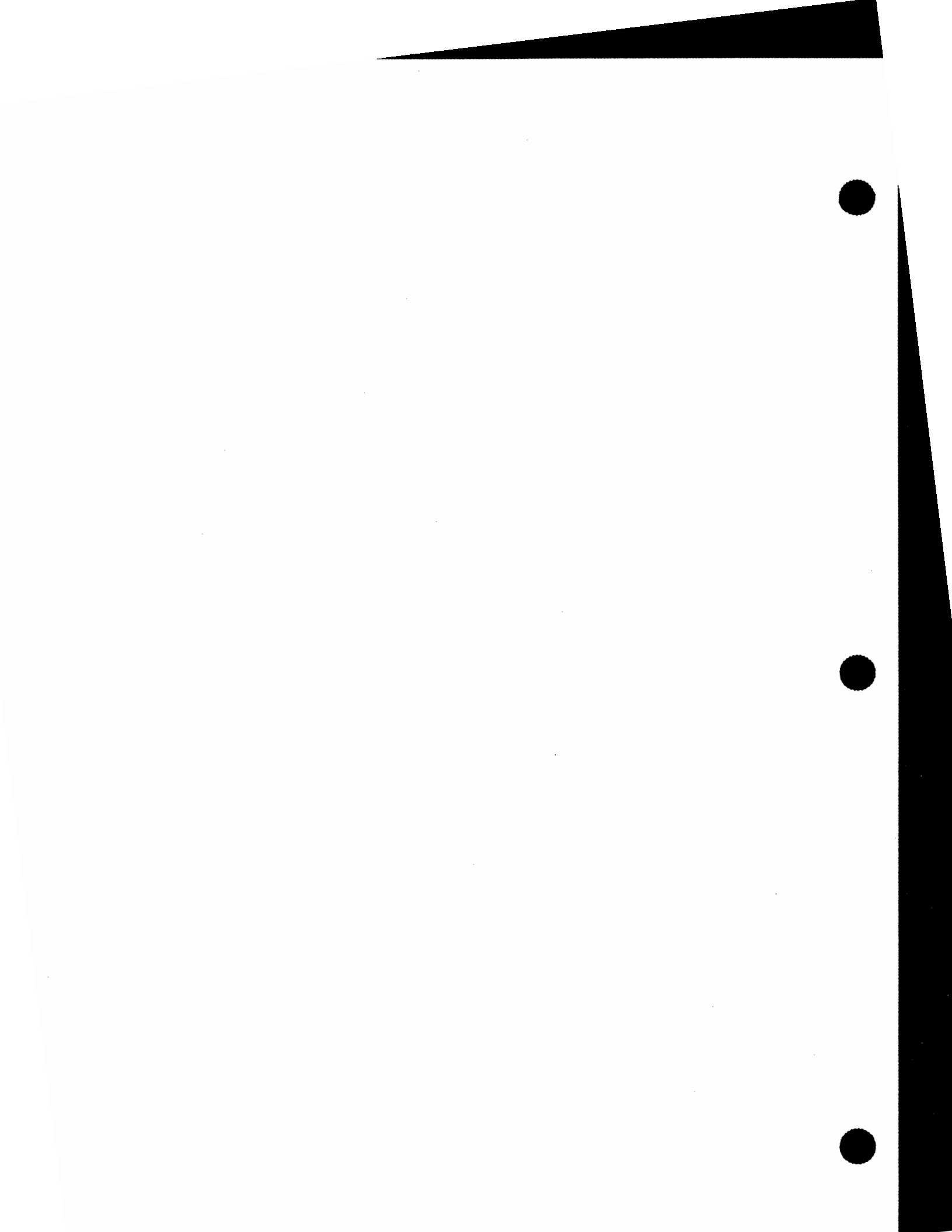
the indoor and outdoor swimming pool area, which we'll move from the north side to the south side, so again, we're getting south and western exposure, which will enhance and extend the duration that the outdoor pool can be utilized. The formal garden area will be redeveloped directly north of the original Pluto pavilion. Service drive access for the casino - can we go back one Ann - is provided off of Red Quarry, so we've got safety considerations that we've accommodated, so the service drive is through here, a new drive off Red Quarry and then back to the casino. The hotel service drive is located off 56 through here. Again, it's a separate access to keep trucks and pedestrians and customer vehicles separated. Casino amenities include the new lake, which is approximately three acres in size, new porte cochere, and a new designated bus pick up and drop off area. The bus pick up and drop off area has been separated from the main porte cochere for safety as well as to maintain a clean air environment. The bus canopy also provides covered exterior walkway access both arriving at the casino at this location, circulating through, and then upon exiting it's all covered, so a patron never has to be out in the elements, like rain or snow. The primary loop is what we're calling it, for self park customers arrive through here, a valet located in the center, enter the garage at this location. The ramp is in the center. The parking garage is four levels. We have additional parking north of the garage.



We also have designated an employee parking area directly north of the casino. The exit loop, again, is down the ramp. We're looping them back around the garage and then exiting the property through Resort Drive. We've also provided a secondary valet drop off area for the event and conference center. I'd like to switch to some of the - this is what we really get excited about, is the exterior. We'll kind of run you through some renderings and bird's eye view of the overall casino design. The main intent is to provide material selections and color palettes which compliment the historic nature of the existing resort. The yellow colors you see are the lower colors, which are lighter and are intended to replicate the existing limestone on the original hotel. The yellow areas you see above that are intended to compliment the existing French Lick brick color of the existing resort. We'll introduce red roof areas, which are reflecting back to the original Pluto pavilion. Next we've got a close up view of the actual casino porte cochere. The crescent shaped areas on the right and the left are derived from the Pluto pavilion, and then you see the porte cochere through here. The bridge on the left connects to the event and conference center. The link on the right hand side includes the escalators and vertical transportation to the casino. A view of the canopy from the underside. Again, you can start to see some of the detailing. The Roman arch top windows, heavy base elements,



canal levered porte cochere, and then small elements up at the cornice line that, again, reflect back to the historic nature of the existing property. Casino design is a nautical theme based on the turn of the century riverboats. What we've done is we've introduced stack elements. We have a pilot house in the center. The center of the pilot house is actually directly over the table game area on the inside of the casino. We'll look at that in a second. Exterior materials, we've incorporated an exterior veranda, which consists of a simple railing and post and beam construction. That is stepped back at the second floor with a simpler veranda, and again, providing relief, shady shadow elements so we get some depth to the overall presence. The casino itself, back to the site, if you remember, the valet area is through here. Our main entrance is on access with two elements. In the center is the table game area, so we've got twenty-five (25) table games in the center. The terminus of the main access is the high limit, or VIP, area. That area includes table games, slot machines, it has a separate VIP lounge and a separate VIP bar. To the right hand side upon entrance, we have a seventy-five (75) seat entertainment lounge and sports bar. To the left hand side in the other corner we have a hundred and fifty (150) seat bistro. Basically what we're doing is wrapping the entire gaming area with activities so it generates excitement and keeps people excited and keeps people moving. The total



gaming area is approximately thirty-two thousand (32,000) square feet, which includes a thousand (1,000) slot machines, twenty-five (25) table games. We've also accommodated future expansion in the lower right hand corner. Phase one of the project will provide office areas in that location. As the casino grows, we have the ability to relocate these offices to a second floor mezzanine. The expansion will accommodate an additional three hundred (300) to four hundred (400) slot positions, so the total gaming expansion, without increasing the footprint of the boat, is a fourteen hundred (1400) slot positions. The event and conference center is a two level building. Again, it's connected on the left hand side to the existing hotel. The main level we see here consists of the junior ballroom, which seats approximately four hundred (400) people and eight other break out conference rooms. The upper level includes the main grand ballroom which seats one thousand (1,000) people. Prefunction area is shown here on the green with a monumental stair that actually looks over onto the formal gardens and is on access with the Pluto pavilion. Then the green prefunction continues over to the existing hotel. I'd like to introduce Mr. George Ridgway, who will walk us through the hotel structure.

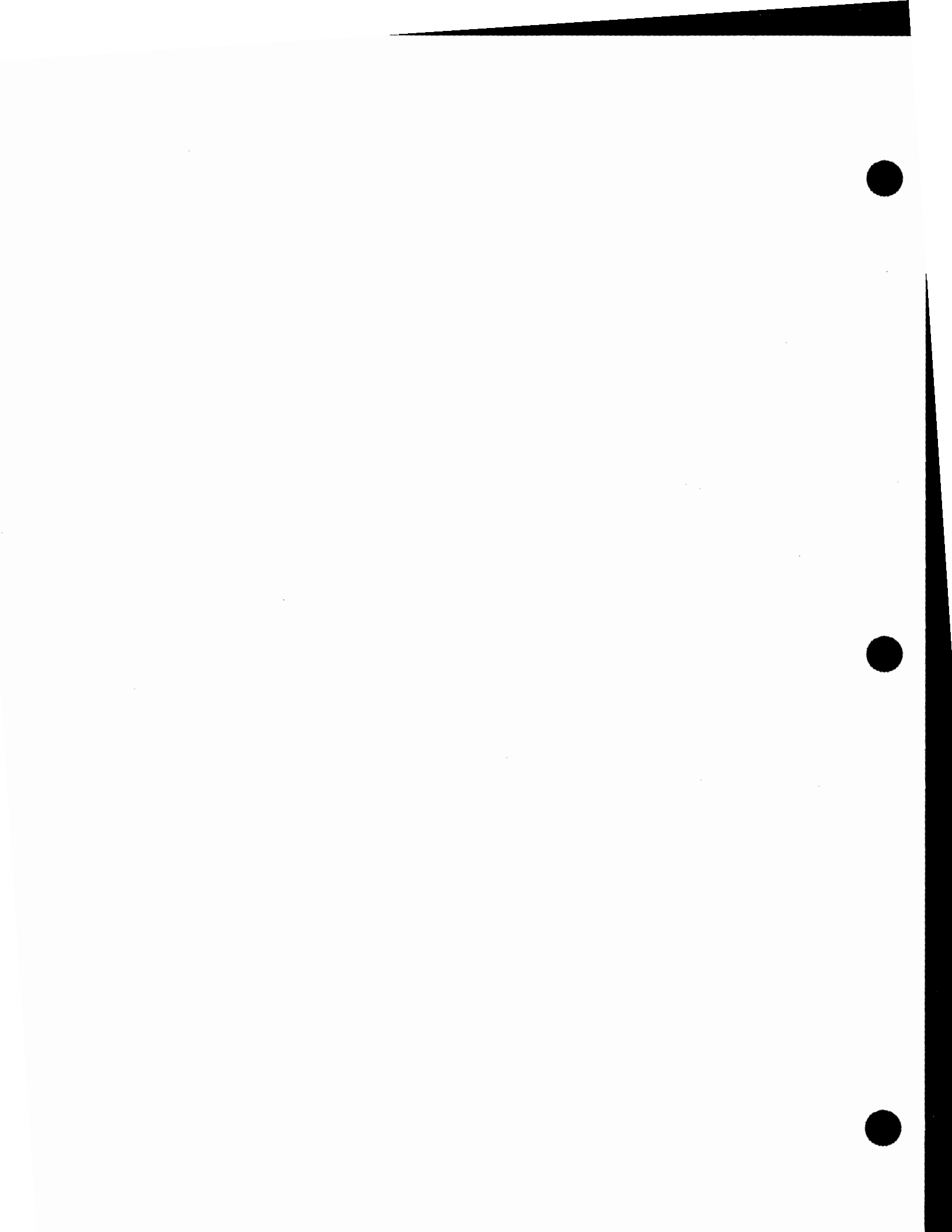
GEORGE RIDGWAY: Thank you, Brian. I am George Ridgway, Project Architect for this glorious and magnificent project. If you've noticed the buildings that are in grey, those are



the existing hotel: Wings, the spa on the far south side. There's an existing Pluto bottling building that will be demolished to create better views. The building had collapsed at Christmas of last year. Additional parking for valet will be across State Road 56. In the back there will be a brand new boiler plant, because the aging plant and the laundry area located to the south is surely and fast giving up its life. The pools that Brian mentioned is on an axis that gives you a through traffic all the way through the building, and if we could fast forward sixteen (16) months from now, you ladies and gentlemen would be sitting in the pool. The street views are being maintained and actually widened and broadened for a better approach to the hotel and give it more of a prominence and a view. If you've been through the lobby, as I'm sure most of you have, you've seen a lot of columns, and we've already started the restoration. There's probably eight to nine layers of paint, some of them abhorred green colors and various parts of the rainbow, but what is hiding behind that that has not been seen in fifty (50) years is scagliola plaster. It's one of the rarest forms of plaster in the nation; probably the world. Gold leaf capitals were once in place, and they are now back. We're receding through the lobby with the restoration. The brackets that are painted are now being restored back to their original and reflecting off of the scagliola. In the ceiling, finding columns that are

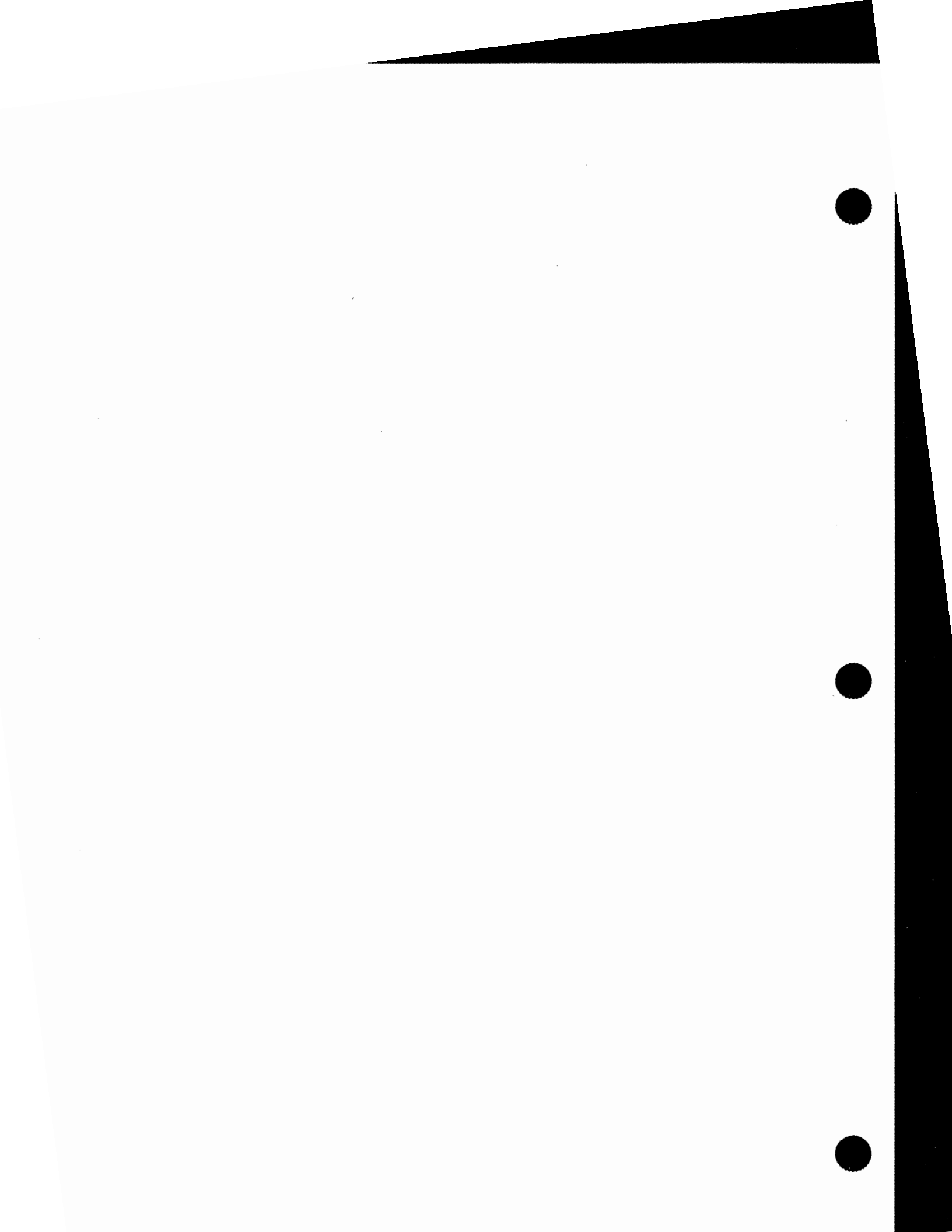


scagliola plaster and then finding other things in the ceiling and restoration is always a treasure. It's like a huge treasure hunt, and we find that between the brackets there are little seven and a half watt lights. We found a hundred and sixty (160) and we were just thrilled to death. Further investigation found eight hundred and fifty-nine (859) more. That starts to run into money, but nonetheless, it is a treasure and we are restoring this hotel to its former original grandeur. The Donald Ross Golf Course located on the hill a mile or two miles from here is one of the premiere golf courses in the nation. We have contacted the Donald Ross Society, and working with its president, Michael Frye, we have a good leg up on the design of the new golf course in restoring it to its original character and original design. We've also contacted a world class designer, Lee Schmitt, who is an Indiana native and will most probably be working on the Valley course, which will be consumed partially by the casino facility parking structures, and we will have an executive nine hole course with a central driving range and a golf academy teaching school in the middle of that. It will be surrounded by four golf holes, two of which will be par four, two par three, and they will be lighted for evening play. When we talk about the other half of the equation, the West Baden Springs Resort, it will be a two hundred and fifty (250) room, four star quality resort with large suites. Of course,



it does have one room that's fairly large in itself, at least an acre with a hundred and ten (110) foot ceiling. It will also have fine dining, it will have casual dining, it will have meeting space that's in addition to what's already here. It does have a ballroom that's over seven thousand (7,000) square feet, and on the hill located behind the West Baden Springs Resort will be a brand new eighteen (18) hole golf course on one of the most pristine Valley courses that climbs the hills, and it's just a beautiful site for a wonderful world class golf course. Having said that, it is now my pleasure to introduce Mr. Don Barden of Majestic Star.

DON BARDEN: Good morning. Thank you, George. Mr. Chairman, members of the Commission, staff, citizens of Orange County, I appreciate the opportunity to acquaint you with Majestic Star Casino and the experience that we have in owning and operating casinos and hotels in four states. Our experience is what we bring to the table, and hopefully, we will make the French Lick Springs Resort and casino a huge success. Majestic Star is a multijurisdictional gaming company with operations in Gary, Indiana; Tunica, Mississippi; Blackhawk, Colorado, and Las Vegas, Nevada. The Majestic Star Casino is our flagship property. We opened in Indiana, in Gary, in 1996, and obviously, I am very proud of what has occurred there, because it was a launch pad for what is now a national gaming hotel casino company. The Majestic Star is a modern



vessel that we built from scratch, fifty thousand (50,000) square feet of - I'm sorry - forty-thousand (40,000) square feet of gaming space on three levels, sixteen hundred and fifteen (1615) slot machines, forty-seven (47) table games, VIP lounge, Don and Mike's Sports Bar. The famous guy there is Mike Dicta. I'm the Don. There is a two thousand (2,000) car parking garage that provides convenient access to Buffington Harbor and Majestic Star. Majestic Star and Buffington Harbor collectively, our share of the Buffington Harbor portion of it, employs approximately a thousand (1,000) individuals. Eighty percent (80%) are Lake County residents. In 2004, we provided over thirty-three million dollars in wages and benefits to our Majestic Star employees. We paid over fifty million dollars in taxes to the State of Indiana and the City of Gary. We're very active in the Lake County community and take pride in the partnership we've formed with the City of Gary School System, the United Way, which serves over forty (40) causes in Lake County, and the Chamber of Commerce in Lake County. We're extremely proud of our contributions to the economic development of the City of Gary. Majestic Star purchased three Fitzgerald casinos in December of 2001. This one is Tunica, about thirty (30) minutes or a half hour from Memphis, Tennessee. It's a destination type resort located on fifty (50) acres in Tunica County. It's thirty-eight thousand (38,000) square feet of gaming on two



floors, a five hundred and seven (507) room hotel, including seventy-two (72) suites, three restaurants, a bar, a gift shop. Fitzgerald Tunica is adjacent to Tunica County River Park, a twenty-three million dollar plus marina park museum, that I might add we donated to the county to build adjacent to our property. The acreage is some hundred (100) acres, I believe. Blackhawk is our little sweetheart money making casino. It's located thirty-five (35) miles from Denver, and it attracts drive in and day trip customers. It's mostly a slot operation because they have limitations on betting there of five dollars (\$5), so we're just packed there. In fact, we're planning an expansion. We have five hundred and ninety-one (591) slot machines currently, six table games, and ten thousand (10,000) square feet of space, and we hope to double our capacity in the next twelve (12) to eighteen (18) months in Blackhawk. Las Vegas, this has probably made us most famous around the country because we were the first African American to own a casino in Las Vegas, and it just happens to be the tallest hotel in downtown, so I always brag about that, and we're located on Friedmont Street, it's thirty-four (34) stories tall, and it's just minutes away from the Las Vegas strip. We're planning to put up a condo hotel, if the feasibility proves out, just to the right of the sign that you see there, and a picture on the left, of course, is the Friedmont Street experience, and if you haven't been to Las



Vegas and visited downtown, you're missing a grand experience, so I would advocate that all of you visit downtown Las Vegas, especially Fitzgerald, where the slot machines are very loose. We draw both nonlocal and local customers, six hundred and thirty-eight (638) hotel rooms and fourteen (14) suites, plus the Chairman's suite. If I'm not there, you're welcome to use it. Banquet rooms, special event center with live entertainment, and for those of you who are not on a diet, we have a Krispy Kreme and a McDonald's located in the facility. One of the key factors in a successful gaming operation, you have to have the capital investment and the facility and the hottest and most popular slot machines. Obviously, our partners and our team members are putting an enormous amount of capital investment. You have to have a refined marketing strategy. Marketing is going to be very key to the success of this resort. Quality entertainment and relaxation options. Investment in the employees and the community. You have to give back to your employees and you have to give back to your community, because it's all one happy family. We have over three thousand (3,000) happy - mostly happy - employees in our four properties. Community involvement. This has always been something that I've been involved in throughout my career and my thirty-nine (39) years being an independent entrepreneur business man. Community involvement, giving back to the community. Majestic Star and Fitzgerald are actively involved



in supporting the United Way, Muscular Dystrophy Association, United Negro College Fund, Habitat for Humanity, St. Peter's Villa, which is in Memphis, Catholic Relief Organization, the Gary Public School System, Booker Elementary, which is a school in Las Vegas that we've adopted. We're actively involved in all the Chamber of Commerces in every jurisdiction that we're in. This is just a small example of the kind of things that our company is involved in. We will be likewise involved here in this community. That's a quick overview of the casino hotel properties that Majestic Star has the privilege of owning and operating and a glimpse of what we do to benefit our communities. We look forward to using our gaming experience to help Blue Sky make the French Lick Springs Resort a Midwest huge success, and we are honored to be part of the dream team that will bring economic development to Orange County. Thank you very much. Now I'll turn the podium over to Christina Felts, our Corporate Director of Marketing. Thank you.

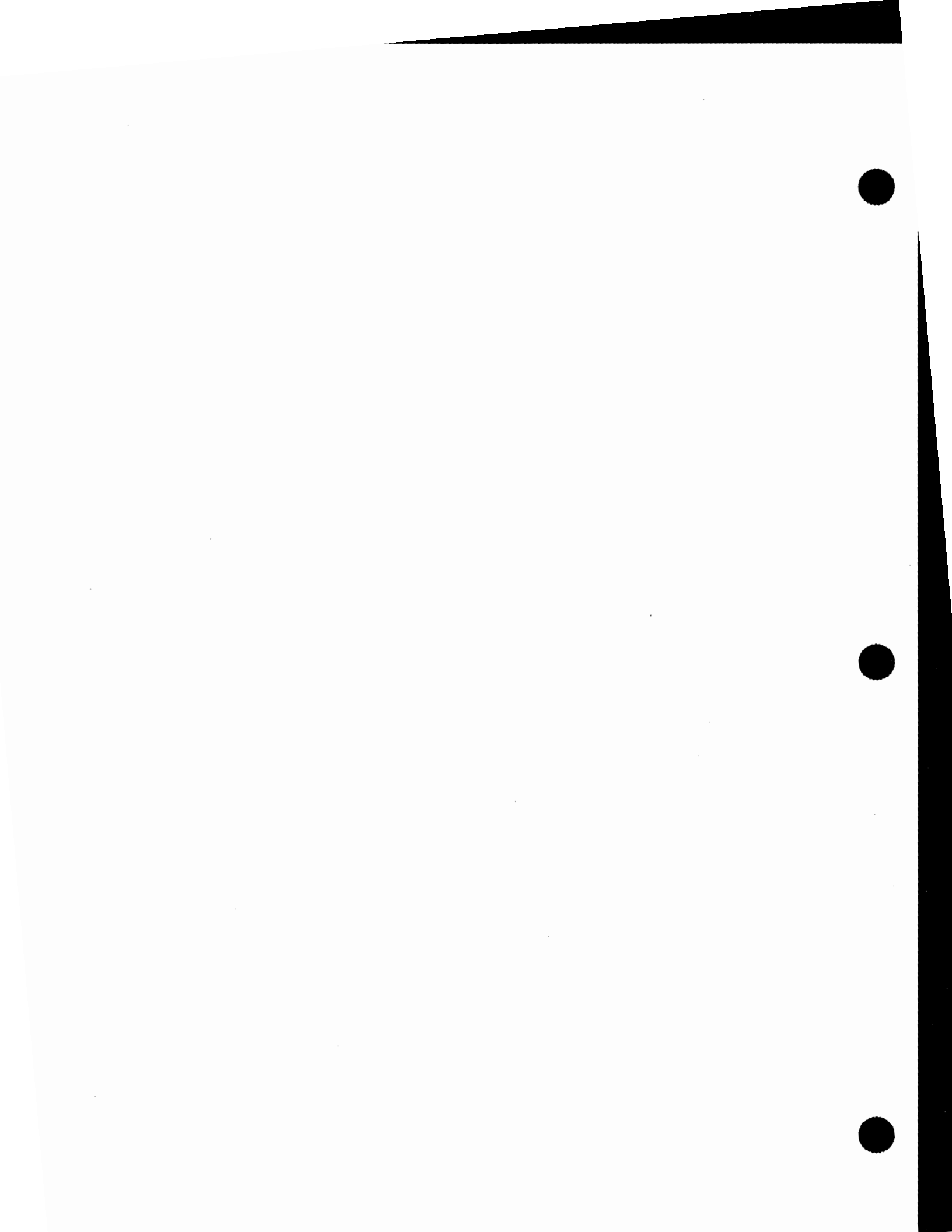
MS. FELTS: Good morning. Thank you, Mr. Barden. As Mr. Barden mentioned, we realize that marketing programs will be key to the success of this project, and we will take full advantage of the unique amenities the resort area will offer. We will position the properties as a premiere destination resort offering a whole new casino experience. This will set us apart from the competition and will make us the casino of



choice for players. During the first year of operations, we will successfully launch the casino and execute the unique property position. We will implement aggressive acquisition programs and work with resort marketing, travel and tourism, and the local community to promote the destination. During the construction phase of the project, we will execute a preopening plan, including various initiatives designed to build excitement and anticipation. Preopening will include a teaser campaign in key markets with direct response advertising used to obtain customer data, market research and focus groups, and development of our property positioning. As this casino will be located in an entirely new market and somewhat remote location, aggressive marketing programs will be implemented in order to acquire new customers to build our data base here. We will utilize retail offers, including new member promotions designed to entice card sign ups, cash promotions to encourage play, special offers for groups, and strong VIP efforts designed to obtain high end players. In addition, drawing from Majestic Star's existing data bases, we can selectively make offers to known gamers that have a geographic fit here. In addition, a strong and immediate focus on building VIP relationships will allow us to capture high end gamers. Utilization of the unique amenities that have been described that are available here in the French Lick Springs Resort area will be valuable tools in making us the

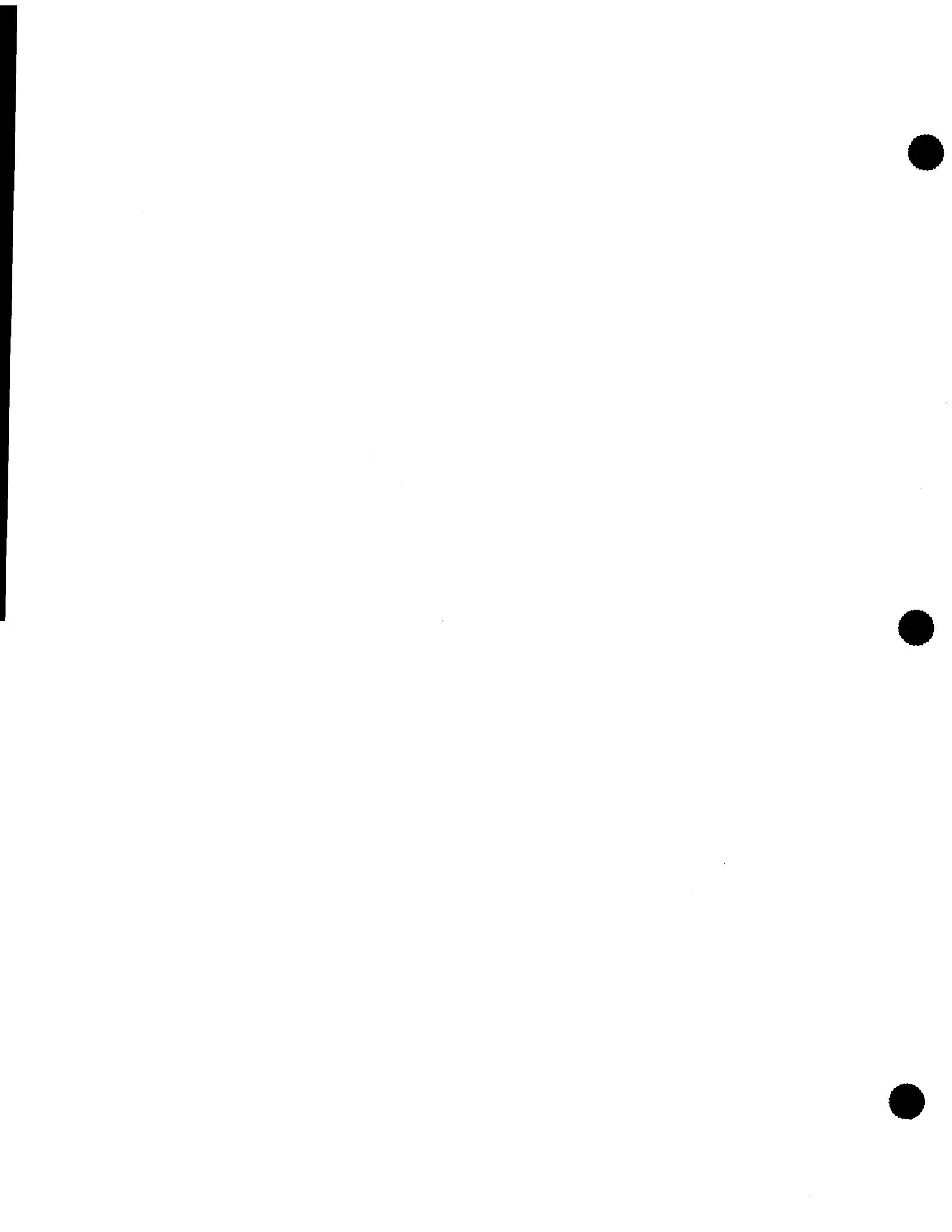


VIP's casino of choice. Dedicated staff will focus on generating new and maintaining existing VIP relationships, and a special level of loyalty card program will be utilized to recognize the top percent of our casino data base. In addition, retail promotions will be designed to give casino players incentives to sign up and then continue to spend their gaming budget at the French Lick Springs casino rather than at the competition, and our slot club promotions will attract new customers, motivate them to visit, and we can encourage them to sign up for our loyalty card program, which will allow us to build instant equity in the card and evaluate and market to the customer for future visits. We can then use our aggressive marketing, along with the area and the casino's ability to sell itself, to generate repeat trips. In addition, through regular promotions, we will drive incremental trips by motivating customers to earn points for more chances to win, thereby consolidating their play at our location. These promotions could consist of cash, cars, and other prize give aways. Advertising campaigns including television, print, radio, and outdoor will be utilized in local and regional markets. We will also utilize promotional opportunities with the local CBB, tourism, and the hotels. In addition, measurement tools will be incorporated whenever possible so that we can track responses and quickly identify key feeder areas. Once we've captured those players, we'll

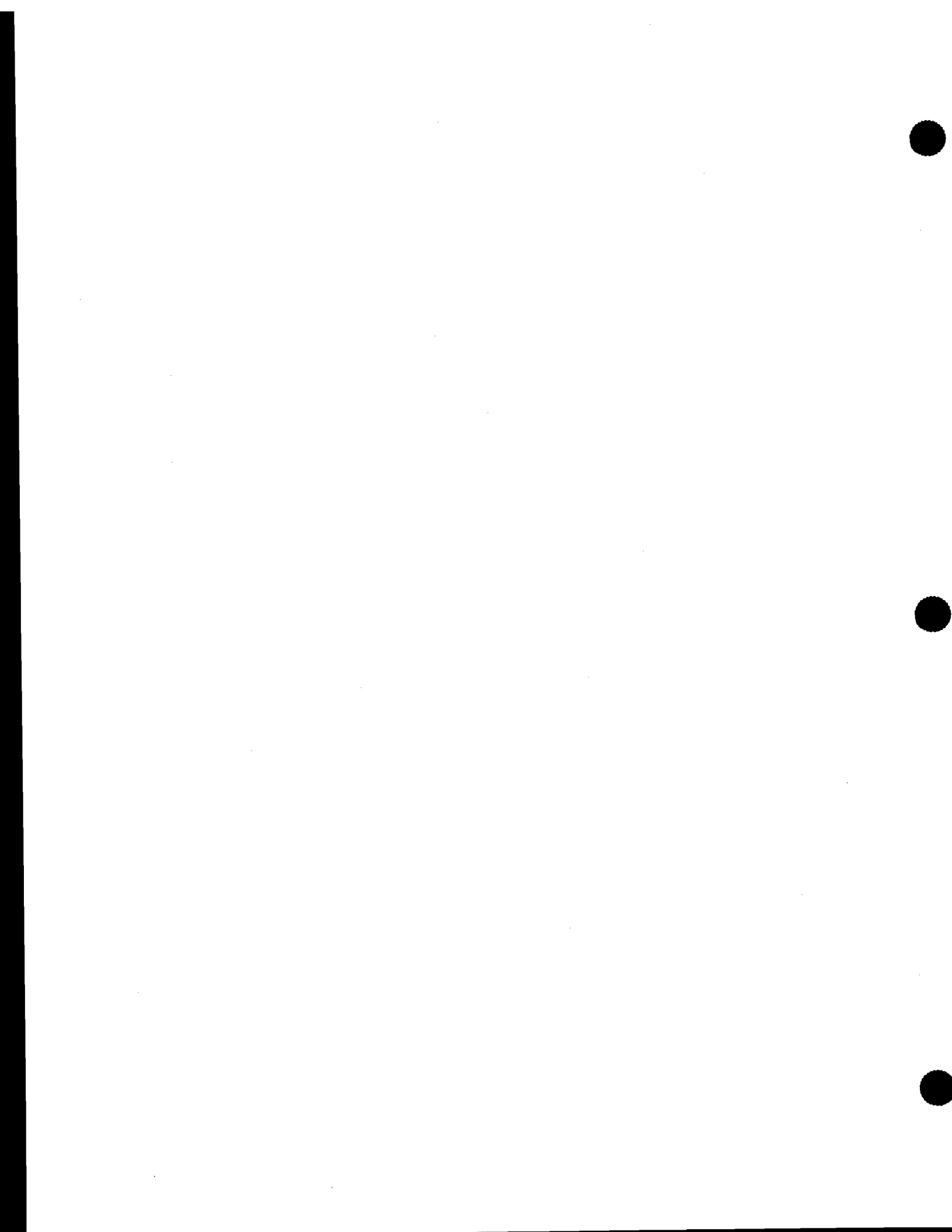


use our proven modeling techniques to keep them coming back and choosing us over the competition. This will be accomplished through customized direct mail offers, buy invitation promotions and events, amenities tied to our loyalty card program, including comps, and again, a very strong VIP program. Last but certainly not least, providing superior customer service to our guests is a critical component in the integration of our marketing and customer service strategies here. The French Lick experience should make every guest feel special and every interaction is important. We feel that the quality of these encounters will determine whether our customers return here or choose a competitor, and therefore, marketing will work in unison with all departments to help ensure the very best possible experience. With that said, I'd like to turn it over to Sam Haigh, President of Benchmark Hospitality. Thank you.

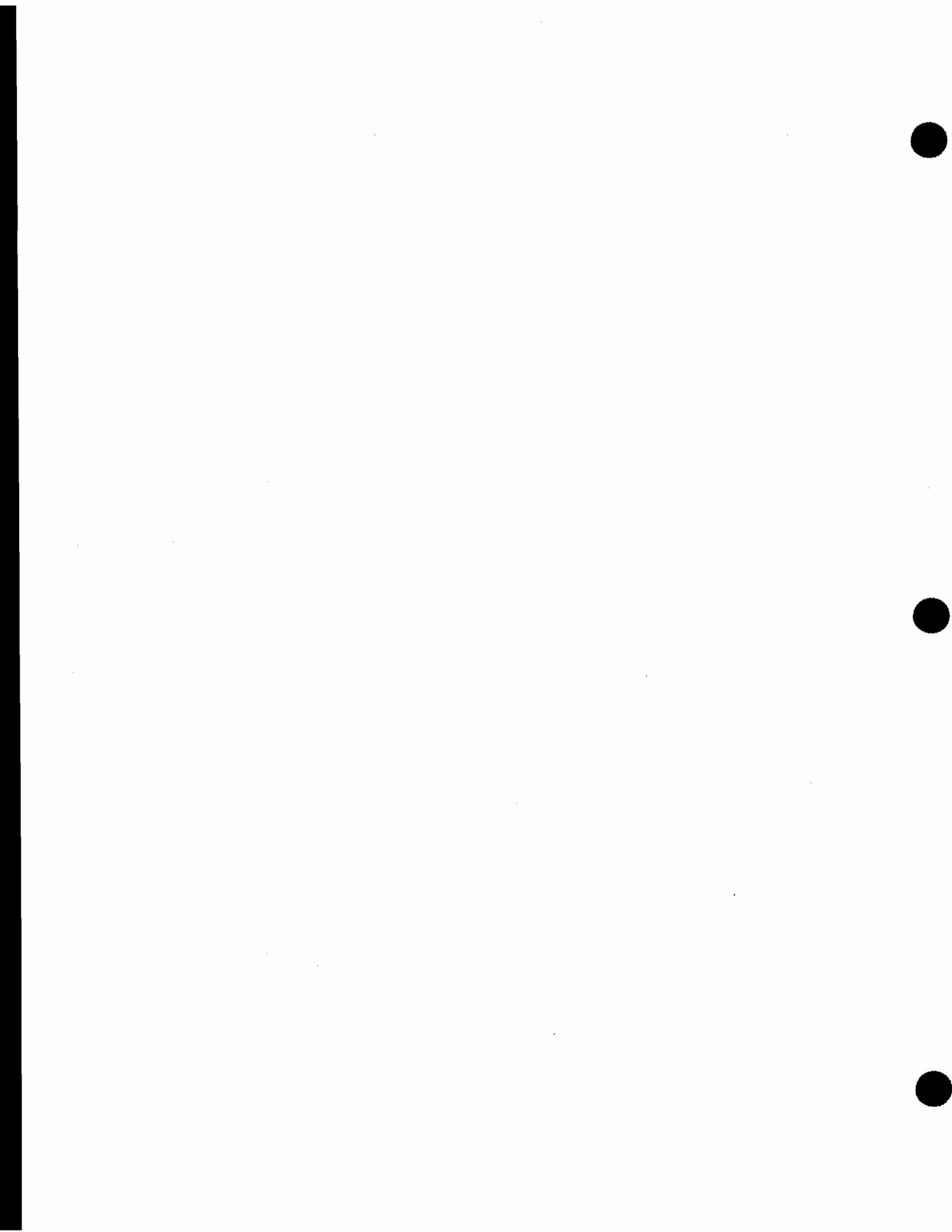
SAM HAIGH: Good morning. Thank you, Christina. I am Sam Haigh, President of Benchmark Hospitality International. As you've seen how this project has unfolded here this morning, you can imagine why we are excited and honored to be a part of this great project as operator of French Lick Springs Resort West Baden Springs Resort, the golf courses, and all of the resort components. Our work actually began in earnest here seventy (70) days ago when we stepped in and took over the operation of this resort. I hope, as you have visited



occasionally since then and in particular today as you came in, you may have noticed a new excitement in the air, and in particular, a sense of new enthusiasm on the part of this terrific team at the French Lick Resort. Our role here is to provide a great guest experience, to deliver warm, friendly service, to produce exciting food and beverage, and to deliver recreation and fun, relaxation. We are a twenty-five (25) year old hospitality management company, founded by our chairman, Burt Cabanas, in 1980. We specialize in operating high end, independent resorts, where we balance components of living, learning, and leisure. We currently operate twenty-eight (28) projects. We have some very special places, a few of which I will show you in just a little bit. Our success is tied first to our ability to fill the properties and fill them with the right mix of group and individual resort business. Technical services is an important aspect that we bring to these projects for the design, development, and construction phases, and we are providing these services here as we speak. Some of the specialty areas that we are known for: Transition management, which is taking over the management from another operator. We have done this at nineteen (19) other projects and have just gone through that process here. Golf is an area where we have a particular expertise. It was an important part of the resort that launched our company in 1980 and continues to be a focus of our company today. The last point



is a critical one. Success in this business is all about building a great team and giving them the tools, particularly training and development. Our philosophy as a company is to put the strength in the field, to put the very best people possible at the property level, and then give them support from the home office. We currently have over five thousand (5,000) employees, and I'm proud to tell you that over a third of our management employees have come through from the hourly ranks. Another core philosophy is active community involvement, and we do this at every location. We fully subscribe to the theory that you are what the local community thinks you are. Now I would like to walk you through some of our properties. I'm going to actually take you across the company with a sampling of three of our projects, just to give you a sense for the type of property we operate. Landsdown Resort is one of our east coast projects. It's located in Leesburg, Virginia, just outside Washington, D.C. It's a two hundred and ninety-seven (297) room resort project, Robert Trent Jones Junior Golf Course, tennis, pool, and a major conference center component. This property is arguably one of the most successful resorts in the country. We are just completing a major expansion there, adding twenty-seven (27) holes of Gregg Norman golf, bringing the total to forty-five (45) holes, a beautiful new clubhouse, a twelve thousand (12,000) square foot spa, and a significant new resort pool

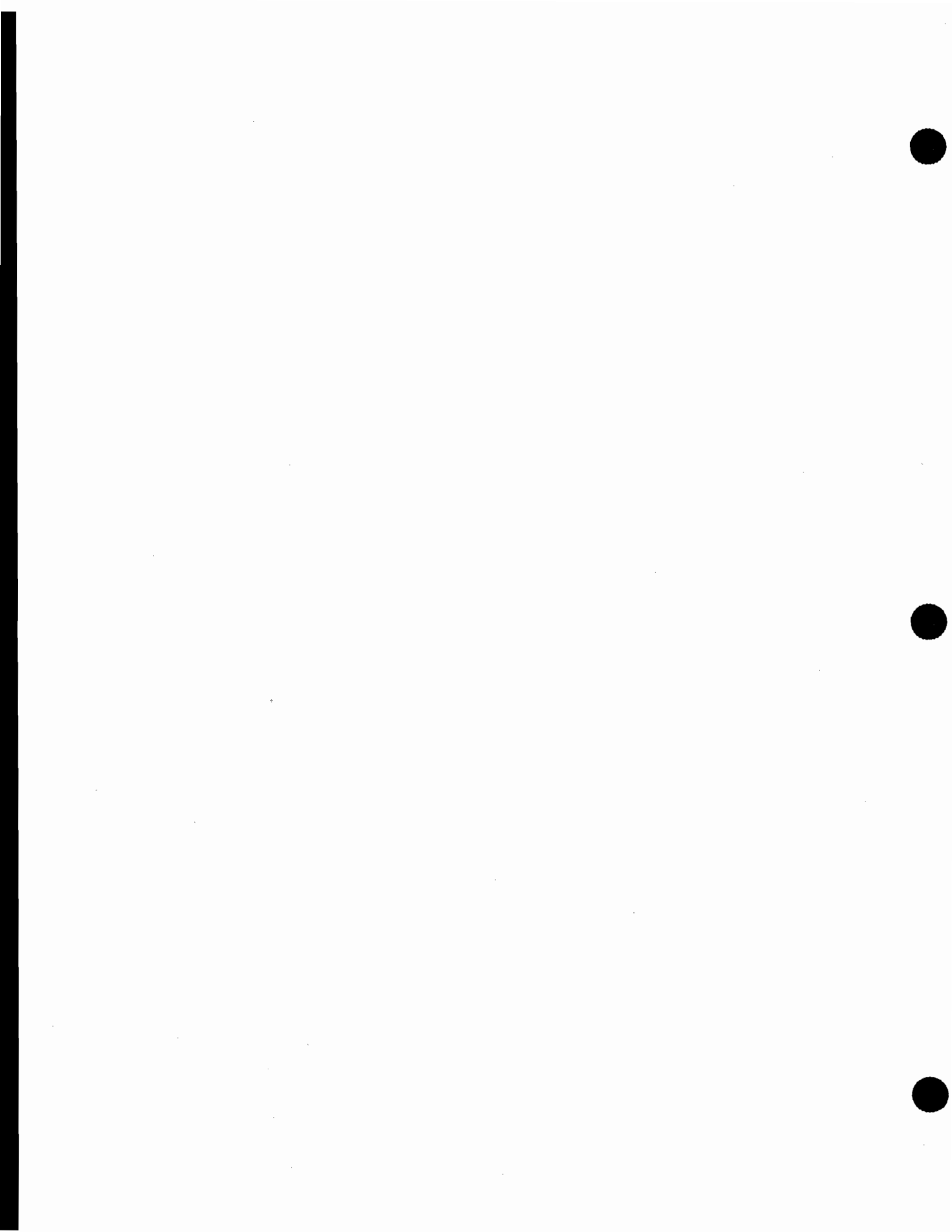


complex. It's one of the two properties that we manage for LaSalle Hotel Partners. Heading west is Scottsdale Resort and Conference Center in Scottsdale, Arizona, another highly successful project. Three hundred and fifty (350) rooms with all of the resort amenities. This is one of two resorts that we operate for Mass Mutual Insurance Company. Turtlebay Resort is our furthest western location. It's on the north shore of O'ahu, Hawaii. It's eight hundred and eighty (880) acres, four hundred and twenty (420) rooms, thirty-six (36) holes of golf, tennis center, major spa, beautiful beaches, horseback riding, and some of the best surfing in Hawaii. We just finished a sixty million dollar renovation at this property, and this project is emerging as one of the preeminent resorts in Hawaii. Golf runs through our projects. We are currently involved in two hundred and sixty-one (261) holes of golf and have set up a golf division to provide additional support in all areas of golf operation, including design and construction oversight. As we get into the - next slide, please - the marketing for French Lick Resort, I'd like to ask Jack Schmidt, our Chief Marketing Officer, to take over the podium and walk us through that. Thank you.

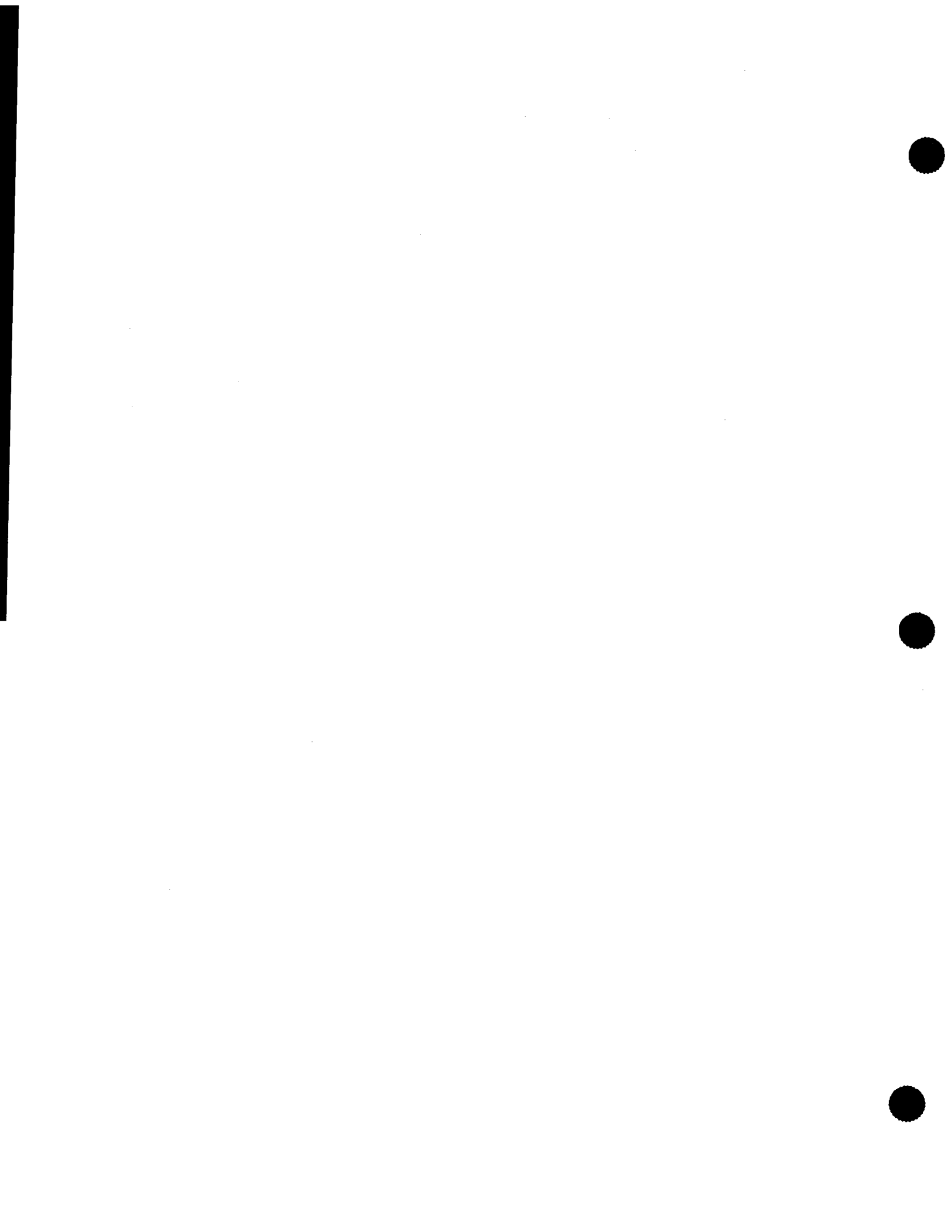
JACK SCHMIDT: Thank you, Sam, and good morning. First and foremost, Benchmark Hospitality will do its part in reestablishing French Lick Springs and West Baden Resort as premiere nationally recognized tourists destinations. As an



intrical member of the greater sales and marketing team, we will support the overall project by augmenting casino marketing efforts to ensure that a solid base of business, above and beyond that of a casino demand, is created. We will execute a comprehensive sales marketing plan to target those key market segments that will visit the area during low demand periods and the off season. This will assist us in minimizing the seasonal peaks and valleys. The renovations and reconfiguration of the existing meeting space will enable to mount a significant sales initiative to attract corporate and association group business on a national level. We will also work closely with all local, state, and regional travel and tourism organizations to capitalize on the extended sales and marketing initiatives that will create business for the entire area. Our primary mission in the group market segment is to find new group business by repositioning French Lick Springs and West Baden Resorts as quality, year round destinations, suitable for small to mid size meetings, conferences, and conventions. We will expand the existing sales team and deploy additional resources beyond those areas targeted in recent years. In addition, the casino will significantly enhance the appeal of the destination to new markets and will deploy our sales resources accordingly. Under our direction, each property will develop and execute comprehensive property specific business development plans. Additionally, both

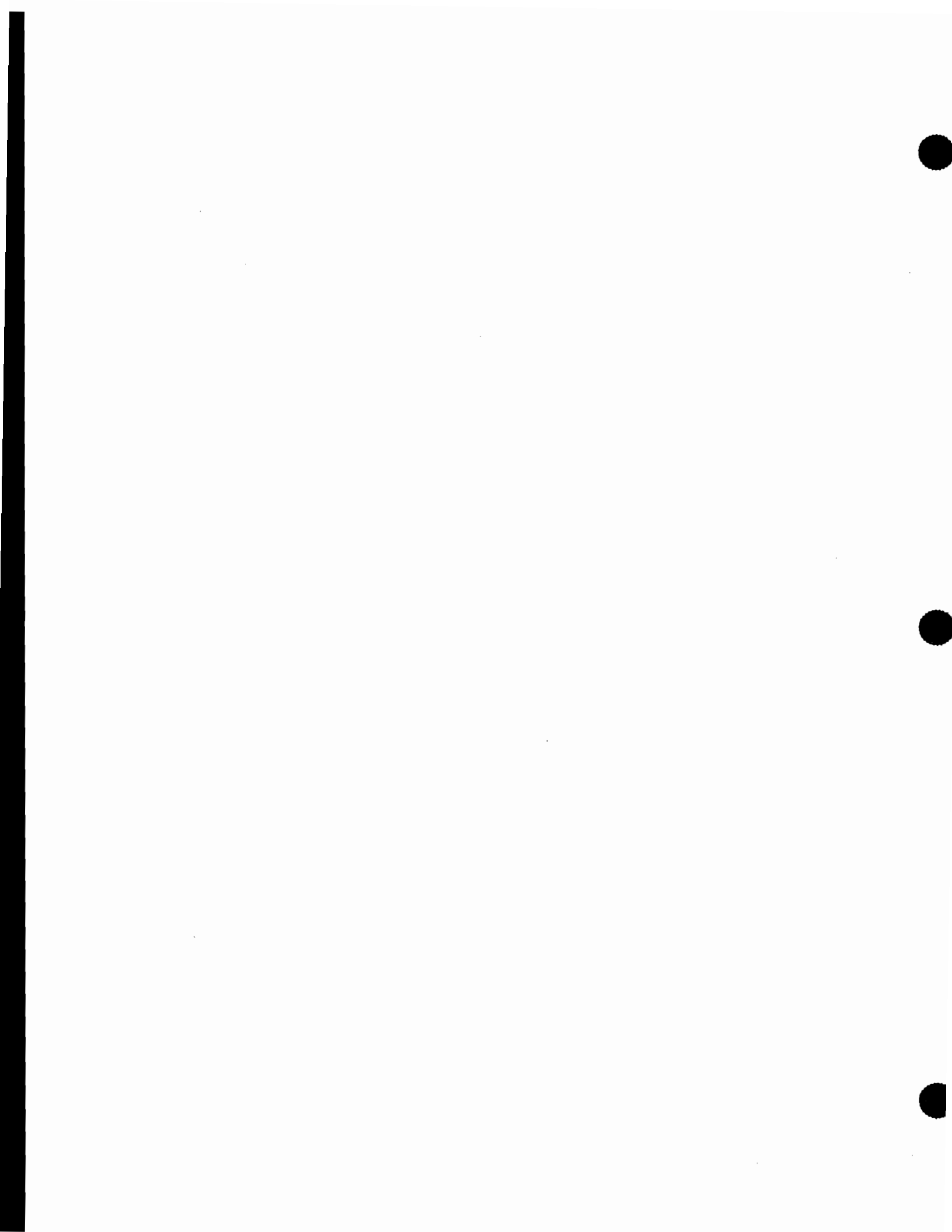


properties will solicit business from our Benchmark data base of over two hundred thousand (200,000) meeting planners nation wide. The properties will also be included in all Benchmark Hospitality national advertising and awareness campaigns and will attend appropriate trade shows and sales blitzes under the Benchmark umbrella to develop all of this new business. Over one hundred and seventy-five (175) Benchmark group sales managers nationwide will join our sales efforts here at French Lick and West Baden by cross selling these two properties via our intracompany lead exchange program. In keeping with the total mission, our plans include very specific actions targeting the development of new noncasino related leisure transient business. This business will be targeted to create demand for the property specifically during the low demand periods and the off season. We will ensure the properties are firmly anchored in the electronic global distribution system that is accessed by virtually all leisure demand generators for the purpose of travel planning worldwide. A comprehensive property website will be created with the new destination positioning. We will promote the entire destination by implementing effective internet marketing initiatives. We will also establish special events and promotions to drive business into these weaker demand periods. Overall, we will work closely with all relevant tourism organizations, Majestic Star, all ownership interests, and especially the local



community to ensure that French Lick Springs Resort and West Baden Resort regain a prominent position as diverse, successful, and well recognized tourist and destinations. Right now I'd like to turn the podium over to Vernon Back with the Lauth Group.

VERNON BACK: Thank you, Jack. Chairman and Commissioners, thank you for the opportunity to present Blue Sky's plan, which will provide significant economic development for the French Lick area and the state of Indiana. Everyone recognizes that this is a unique opportunity to create something special in the Midwest premiere destination resort. As outlined in the marketing presentation, we will market to a two hundred and fifty (250) mile market, which includes in excess of thirty-two million people. Many of these people have previously made trips to French Lick, to spend time at the French Lick Springs Resort, to play at the Donald Ross golf course, to tour West Baden, visit Patoka Lake, Paoli Peaks, and many of the state and national parks in the area. Today, over 3.5 million people visit the tourist attractions in the French Lick area annually. The recently completed innovation group study projects that the French Lick Springs casino will generate a hundred and fifteen million in annual gaming revenue from 1.35 million customers annually. This includes ninety-two million in annual gaming revenue from day trip customers. This hundred and fifty (150) mile market



includes over ten million people to which Blue Sky will market. I'm also pleased to announce that Blue Sky and Historic Hotel Preservation Commission have reached an agreement on the local development agreement, both the business and the legal terms. Under the local development agreement, the projected hundred and fifteen million in annual gaming revenue will provide approximately 3.2 million in local incentives to the communities in the French Lick area. Further, Blue Sky has agreed to assist with five million in local infrastructure improvements, including improvements to the sewage treatment facility. The projected hundred and fifteen million in annual gaming revenue will also generate approximately thirty-two million in annual gaming and admissions taxes for the state of Indiana and the French Lick area. The Blue Sky plan also provides significant employment opportunities for the residents in the area around French Lick, Orange County, and the surrounding counties. The project will involve approximately two hundred and five million in construction costs and FF&E purchases, generating over seven hundred and fifty (750) construction jobs over the next two years. Further, the French Lick Springs Resort and casino, including West Baden, will employ an estimated fourteen hundred (1400) employees with an estimated thirty-two million in wages and benefits when fully operational. Under the local development agreement, as pointed out by SPEA, Blue



Sky will provide employment preferences for local residents and preferences for local suppliers in the French Lick area. Further, Blue Sky is committed to developing and implementing a plan to meet the MBE/WBE goals as required by the Indiana statute and the Gaming Commission regulations. We're very excited about this opportunity to reinvigorate French Lick and the surrounding area and create the Midwest premiere destination resort. Thank you, again. I'll now turn it over to Bob Lauth for closing comments. Bob.

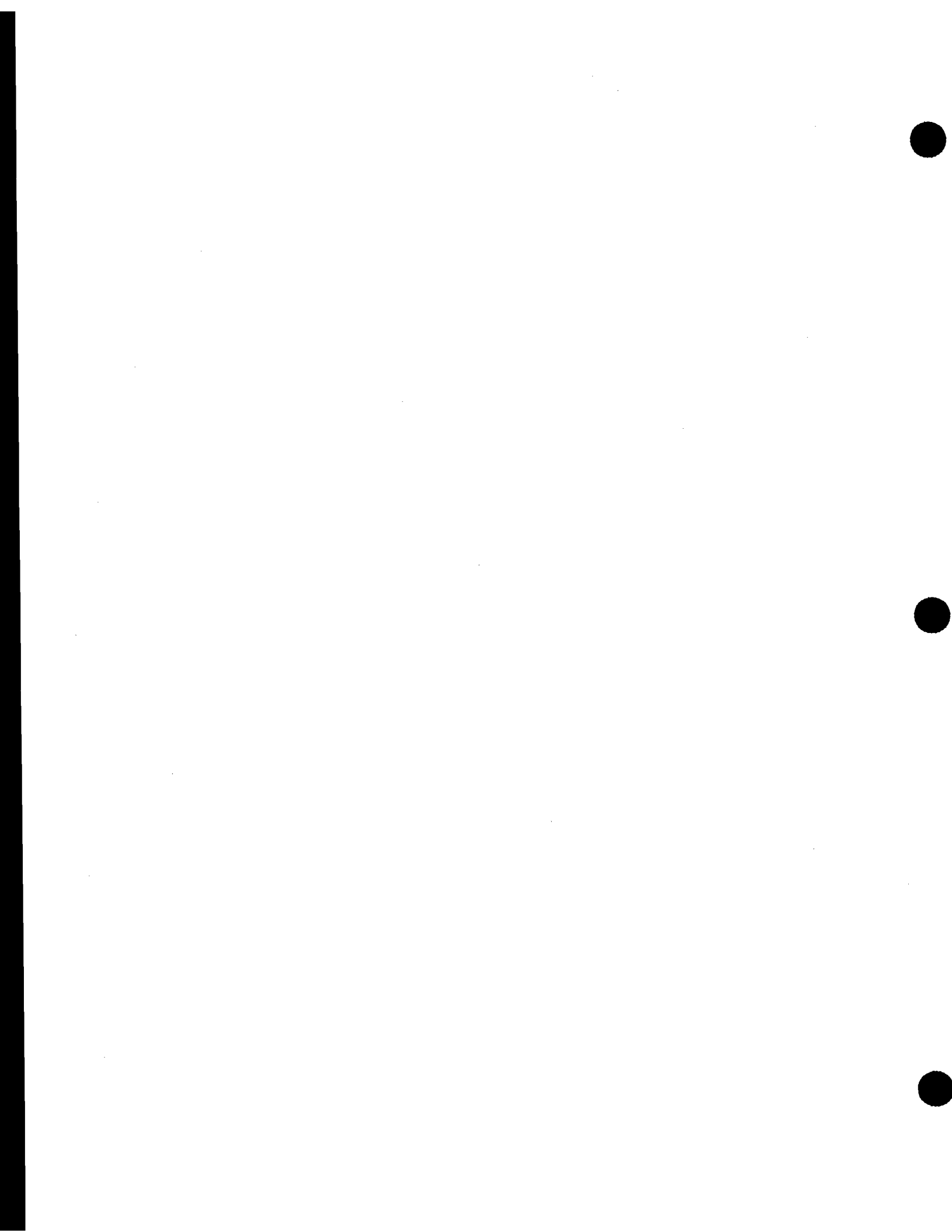
BOB LAUTH: Chairman Calloway, Commissioners, Executive Director Yelton, Members of the IGC staff, and members of the HHPC, on behalf of the entire Blue Sky team, I want to thank you for this opportunity to share with you our plan to make this historic opportunity a reality. I sincerely hope that we have succeeded in demonstrating to you that our plan is a sound one and one which everyone here will soon be proud of. Most of us have been involved in this process for several years now, and I know that many people in this room have been working diligently for over a decade to make this dream come true. Clearly, this is a collective effort and a partnership involving each and every one of us in one way or another. Without the support, the work, the dedication, and the perseverance of this community I know we would not be here today. I also know that many people here were disappointed by the events which occurred over the past year, but sometimes



things happen for a reason, and I believe this is one of those times, because I believe that what five months ago was considered an unfortunate turn of events should now be considered as a good fortune for all of us, because now Blue Sky can and will deliver a vastly superior product and result. That result will be a first class, highly desirable, very popular resort destination that families, honeymooners, and business people alike will visit over and over. When we are finished, French Lick Springs will once again be known, and I hope you've heard this now fifteen (15) or twenty (20) times, but French Lick will once again be known as the premiere resort destination of the Midwest. I thank you for your attention and I would now be happy, with the help of my team, to answer any questions the Commission may have.

HAROLD CALLOWAY: Thank you, Mr. Lauth. Do the Commissioners have any questions?

ANN BOCHNOWSKI: I think it's safe to say that had we seen this presentation a year ago, this would have been a no brainer and we wouldn't be here today, so I'd like to know what has brought you to this point, your projections, I think it was like sixty million dollars a year ago; now it's a hundred and twenty million dollars. What brought about that change? Why do you think you can make a hundred and twenty million dollars now and you thought sixty million dollars a year ago?



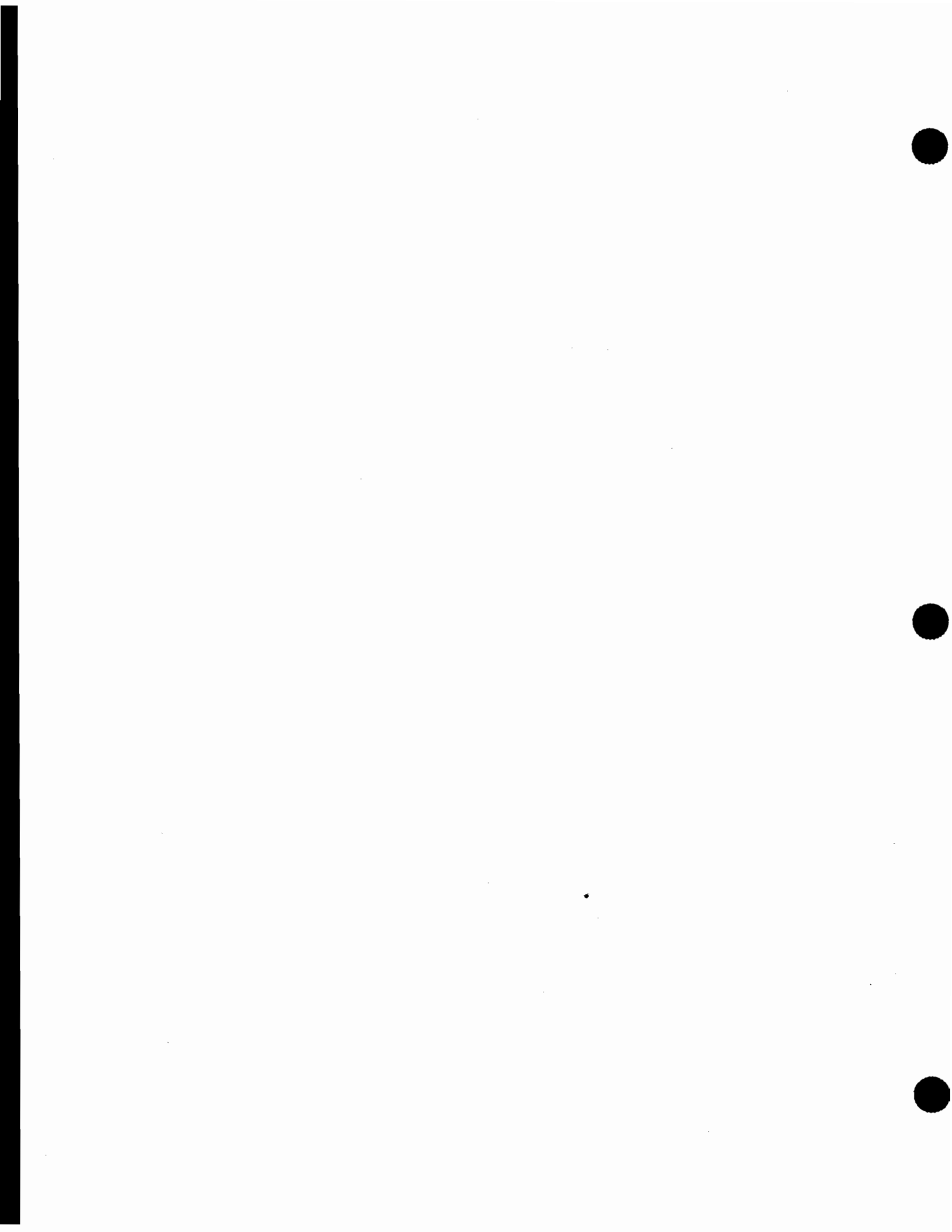
BOB LAUTH: Excellent question, and the answer is a completely and totally different and new vision for the scope of this project. As Steve eluded earlier, the key ingredient was the ability to bring under one ownership the casino component as well as both hotels, and in the process position this entire valley, but specifically these two resorts, as the premiere resort destination in the Midwest. We are convinced that with the help of our friends at both Majestic Star and Benchmark, and their considerable skills, that that will be relatively - that, with a lot of money - a relatively easy feat to accomplish.

ANN BOCHNOWSKI: Let's say that your projection - I've always felt that there is a great deal of potential here. What if your projections are not accurate in the first year and if you're depending on cash flow to pay down some of the debt, will some of the improvements that you've been talking about be scaled back or delayed?

BOB LAUTH: No. In fact, the day tripper win alone, ninety-two million dollars, according to the innovation study, will more than service our debt for the entire project.

HAROLD CALLOWAY: Any other questions?

MARYA ROSE: I've got one. This is, I guess, more of a - well, it's a question, but I'm not sure you'll be able to answer it. Blue Sky is made up of Orange County Holdings, Inc., the Cook Group, Inc., the Lauth Group, Inc., Majestic



Star Casino, and Benchmark Hospitality, so who's in charge?

BOB LAUTH: Technically speaking, Carl Cook and I are the people you'll want to come see if you're not happy. It would be less than fair to fail to mention that Steve Ferguson is up to his eyeballs in this project and is extremely active and totally engaged in it, as well.

DON VOWELS: I have some questions. The numbers that we have that SPEA worked from was during the first year of the operation, Blue Sky would generate an estimate one hundred and twenty million in total revenue. The number that I saw from you here today is one hundred and fifteen million. I assume that one hundred and fifteen million is the correct projected revenue; is that right?

BOB LAUTH: I believe one hundred and fifteen point eight is the correct number.

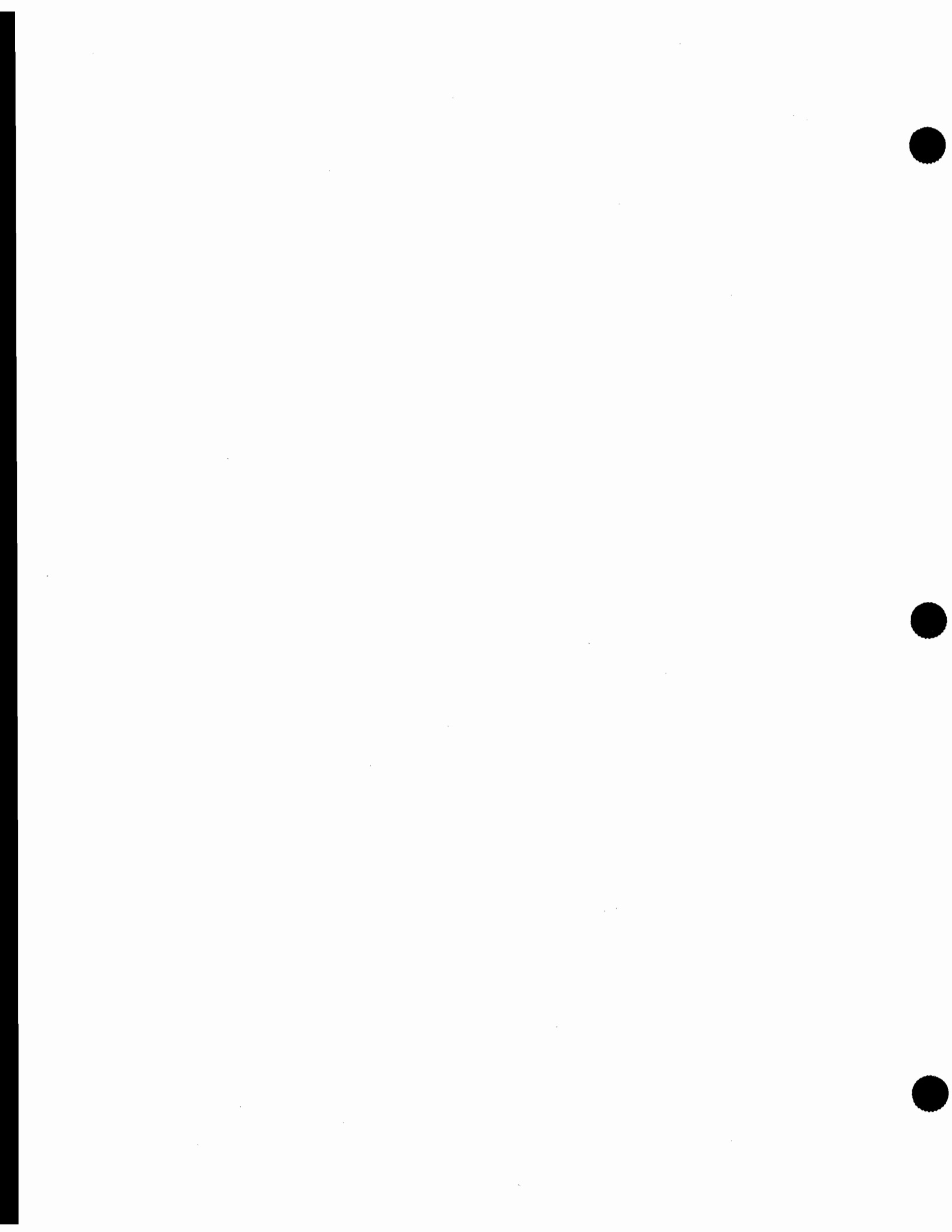
DON VOWELS: Gaming revenue?

BOB LAUTH: Gaming only.

DON VOWELS: And the one hundred fifteen point eight million total annual revenue, gaming only, ninety-two million dollars of that would come from day trippers, which indicates - well, day trippers meaning people who don't stay overnight; is that right?

BOB LAUTH: Yes.

DON VOWELS: It appears that a large portion of that are people who live within a short distance from here. Is that



healthy? I mean, we're talking about a situation in a county that has one of the highest unemployment rates in the state, if not the highest, and it appears that you're focusing - there was mention of advertising in the key markets but nothing about what the key markets are, and from what we've seen from your radius, you start off with a twenty-five (25) mile radius and you're already anticipating that ninety-two million dollars (\$92,000,000) out of one hundred and fifteen (115) in annual revenue are going to come from people who can drive here and not stay overnight. Isn't that counterproductive to what we're trying to do here?

BOB LAUTH: I believe I'm correct, and I may ask for help on this, but of that ninety-two million (92,000,000) in day tripper revenue, approximately twenty-five million (25,000,000), in other words, almost - just a fourth of it - would be derived from this immediate vicinity, a twenty-five (25) mile radius.

DON VOWELS: And the balance of that would be?

BOB LAUTH: A range from twenty-five (25) miles out to a hundred (100) miles.

DON VOWELS: In reference to that marketing plan, and there was mention, the lady over here made mention of that about the preopening advertising into key markets. What key markets are we talking about?

BOB LAUTH: Christina, would you like to...?



CHRISTINA FELTS: Sure. I'm sure you have a copy of the, as you said, the map that shows the market areas, and we are looking at sort of a unique location here in that we will be marketing several different primary markets that also have competition that we'll be dealing with, so due to the unique nature of this project, we are looking at basically probably about a two hundred and fifty (250) mile radius of this area that includes Louisville, Cincinnati, Indianapolis, some of those market areas that feed to those properties that are in those areas, and you know, we also will be dealing with our convention group business, as well, which will come from regional and further out.

DON VOWELS: Your marketing area will overlap significantly with the other casinos you mentioned, the Louisville and Cincinnati markets?

CHRISTINA FELTS: It does.

DON VOWELS: Another thing, Mr. Lauth, that was mentioned was fourteen hundred (1400) employees once it's up and running, but actually only five hundred and sixty (560) of those from our numbers would be casino employees. The balance, I would assume, would be employees of the two hotels?

BOB LAUTH: Vernon, would you...? Is that...?

VERNON BACK: That is correct.

DON VOWELS: When Commissioner Bochnowski was asking about the difference between a sixty million dollar (\$60,000,000)



projected revenue versus one hundred and fifteen point eight (115.8) million, and the question was, "What's the difference in one year?" and your answer was, "A vision." It appears that everything that we have here is based upon these projected revenues: Ability to secure equity financing and meet future cash calls. From the numbers that we have here, ninety-two percent (92%) of this debt is going to be financed; is that correct?

VERNON BACK: No, that is not correct.

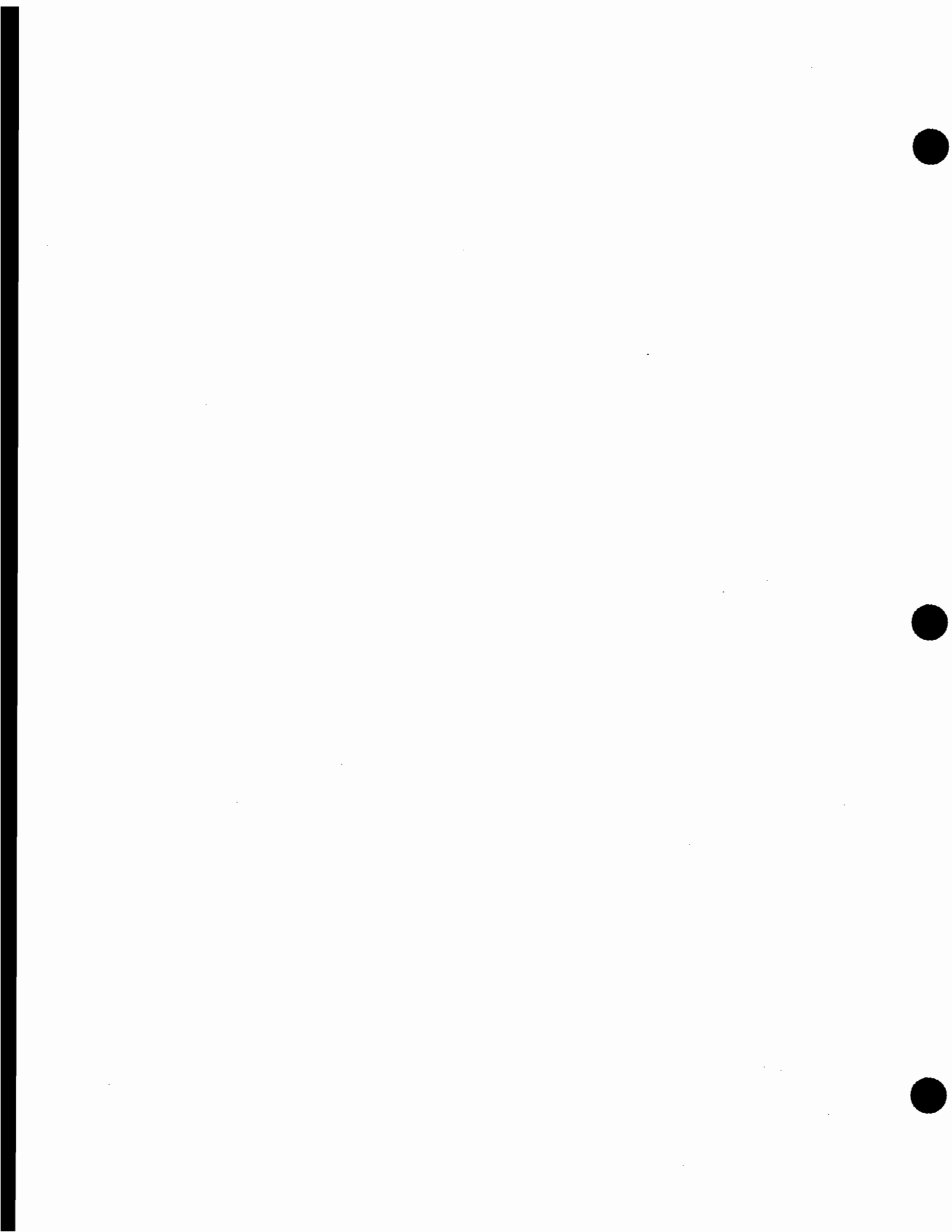
DON VOWELS: What is the percentage?

BOB LAUTH: Without getting technical, the way a lender will look at this loan, like any commercial real estate related loan, will be on a loan to value basis, and we expect that to be in the sixty percent (60%) range. The norm would be seventy-five (75) to eighty (80), so we would be far below the traditional debt level for a commercial real estate project.

DON VOWELS: I thought I heard Ms. Littlepage say ninety-two percent (92%).

BOB LAUTH: I saw that on the slide, and I think - I can only tell you that I don't agree with it.

DON VOWELS: There was a discussion, also, Mr. Lauth, of the three hundred million dollar (\$300,000,000) investment, sixty-two million (62,000,000) has already been invested in the hotels. Can you tell me the breakdown of how much has been



invested in West Baden, how much has been invested in French Lick, and by what entity?

BOB LAUTH: Thirty-seven million (37,000,000) in the West Baden Hotel, twenty-five million (25,000,000) and rising at the French Lick Hotel, and all of that to date has been invested by affiliates of the Cook Group.

DON VOWELS: What's the estimate of completing the West Baden Hotel?

VERNON BACK: Including the soft cost, start up, everything, is forty-seven million dollars (\$47,000,000). That includes the two golf courses, also.

DON VOWELS: I had written these time lines down and I want to make sure I understand. The casino will be up and running by the fourth quarter of 2006?

BOB LAUTH: Yes, sir.

DON VOWELS: And I heard the words "some hotel rooms" because later on there was something about coming back.

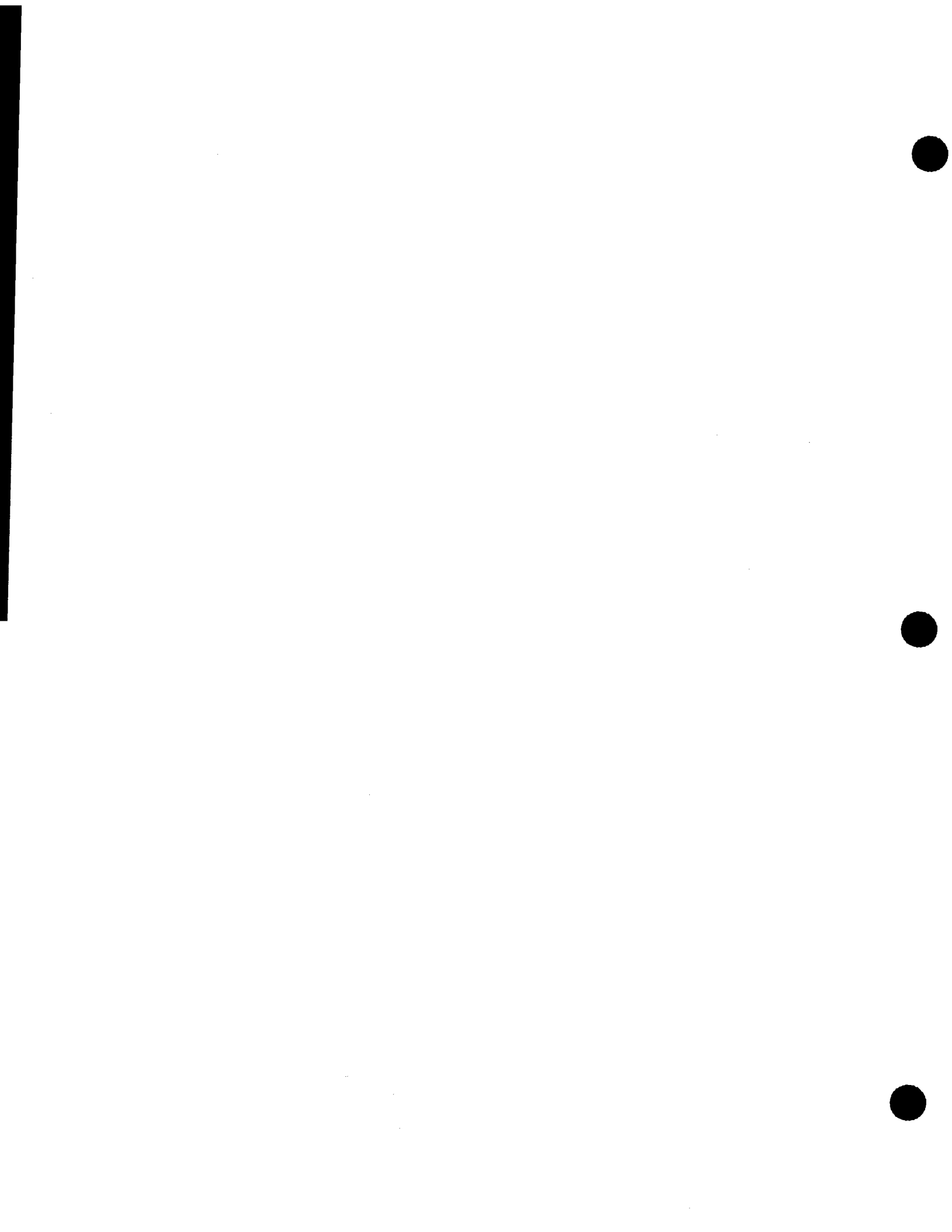
BOB LAUTH: Two hundred (200) would be the number.

DON VOWELS: And that would be French Lick Hotel rooms?

BOB LAUTH: Yes, sir.

DON VOWELS: And then I have a date of July, 2007 in reference to West Baden. What is going to happen at West Baden by July of 2007?

BOB LAUTH: The completion of the renovation to include two hundred and forty (240) suites and rooms and the attendant



restaurants and other related facilities.

DON VOWELS: What about the golf course?

BOB LAUTH: The golf course would be included.

DON VOWELS: Everything will be completed at West Baden by July of 2007?

BOB LAUTH: We're at a little bit of the mercy of the nature, but the intent would be to have everything opened as soon as possible, to include the golf course.

DON VOWELS: When you say "nature," rain, weather delays that would cause construction delays?

BOB LAUTH: That golf courses are particularly sensitive to, the growing season.

DON VOWELS: But for somebody to be able to sleep in those rooms at West Baden, --

BOB LAUTH: July of '07.

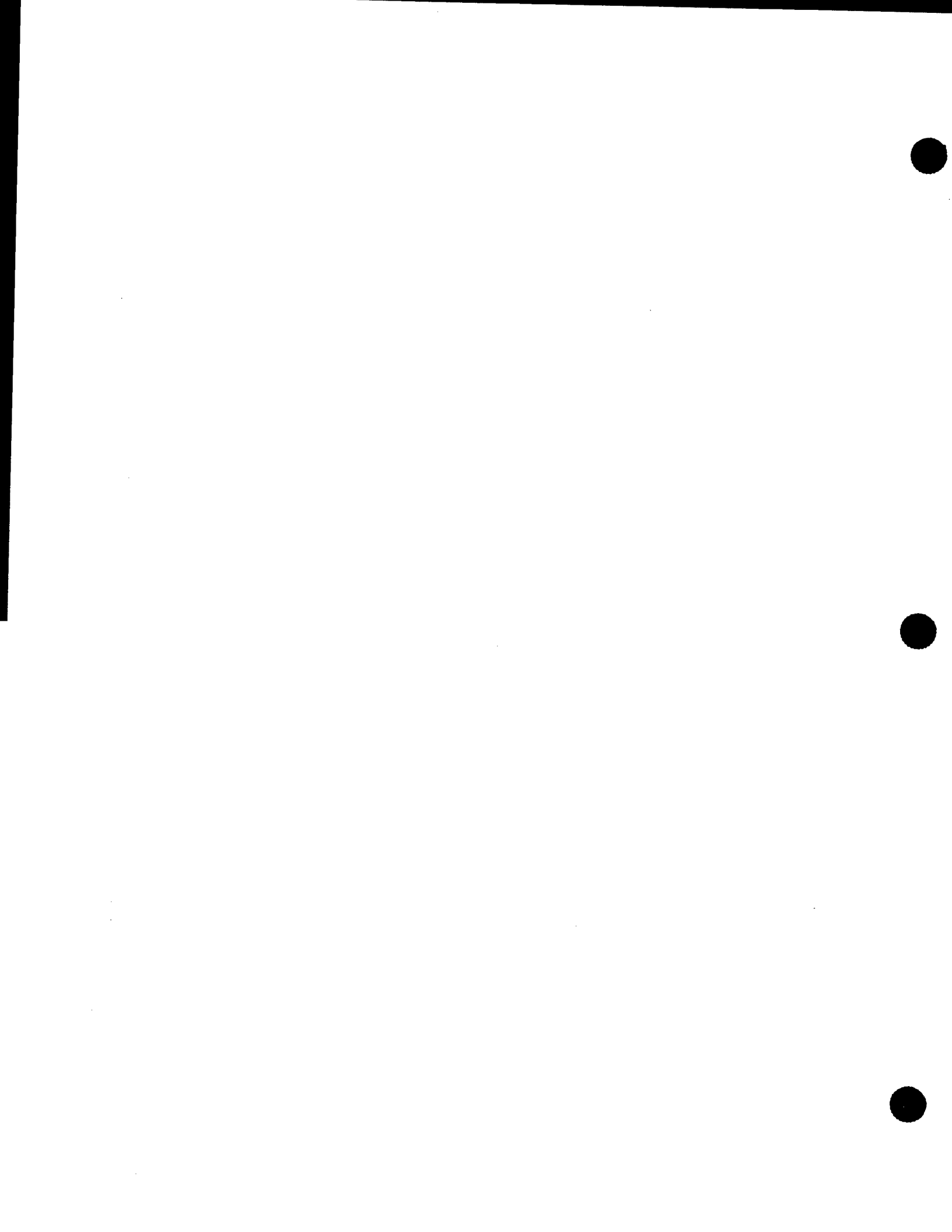
DON VOWELS: And is that tied to any of these projected revenues, or is that just going to happen?

BOB LAUTH: That's just going to happen.

DON VOWELS: August of 2007, I'll be able to come and get a room at the West Baden Hotel and be happy?

BOB LAUTH: Good Lord willing and barring another 9-11, yes, sir.

DON VOWELS: the time line that I have here is by the fall of 2007, the remaining rooms at the French Lick Hotel will be renovated?



BOB LAUTH: Correct.

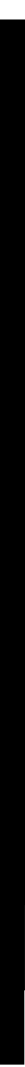
DON VOWELS: So by the fall of 2007, all of this, without any act of God, and not acts of Wall Street, this will be - this project will be completely in place by the fall of 2007?

BOB LAUTH: And the premiere resort destination of the Midwest. (Laugh. Applause)

DON VOWELS: Here's where I'm coming from: I see projected revenues that are double what they were a year ago, and that there's going to have to be substantial financing here, and we've seen it before, "Build it and they will come," and except for one obvious thing that happened in this room eleven (11) months ago, that's always happened. These projected revenues concerns me that there's so much tied to that, but from what I'm hearing from you today, and you said it in black and white, is without some act of God, and we're talking nature and slow downs of construction because of weather, that by the fall of 2007, no matter what happens with your financing, no matter what happens with your projected revenues, this is going to be finished and those pictures that we saw up there that were put together by the architect, everything's going to be done, come hell or high water, by fall of 2007?

BOB LAUTH: That's our story and we're sticking to it. (Laugh) Yes.

DON VOWELS: Correct me if I'm wrong; I've underlined some



things here and am reading quickly, but over the first five years, it appears that you expect a casino win of approximately eighty-one dollars (\$81) per admission for years two through five, up to eighty-five (\$85) per admission estimated for the first year, and those are the numbers, right, eighty-five dollars (\$85)?

BOB LAUTH: Eighty-five (85) is the number that sticks in my mind.

DON VOWELS: That seems to be optimistic, based upon some numbers that had been put together in the Innovation Group package, the Gaming Market Assessment that was done for you guys.

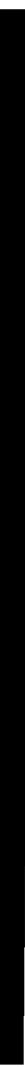
BOB LAUTH: I'm going to defer to Vernon Back on that, but I don't believe that's correct.

VERNON BACK: Those numbers are directly out of the Innovation Group, but it is eighty-five dollars (\$85) per...

DON VOWELS: And this group was someone hired and paid by you guys, right?

BOB LAUTH: Yes.

DON VOWELS: In Evansville, which is the smallest existing market, in 2004 the win was seventy-seven dollars sixty-eight cents (\$77.68), which was down from 2003. 2003, of course, was the first year that there was complete dockside gambling, so we see a rise in win average, a massive rise. In some situations, fifty (50) to seventy some percent (70%) of the



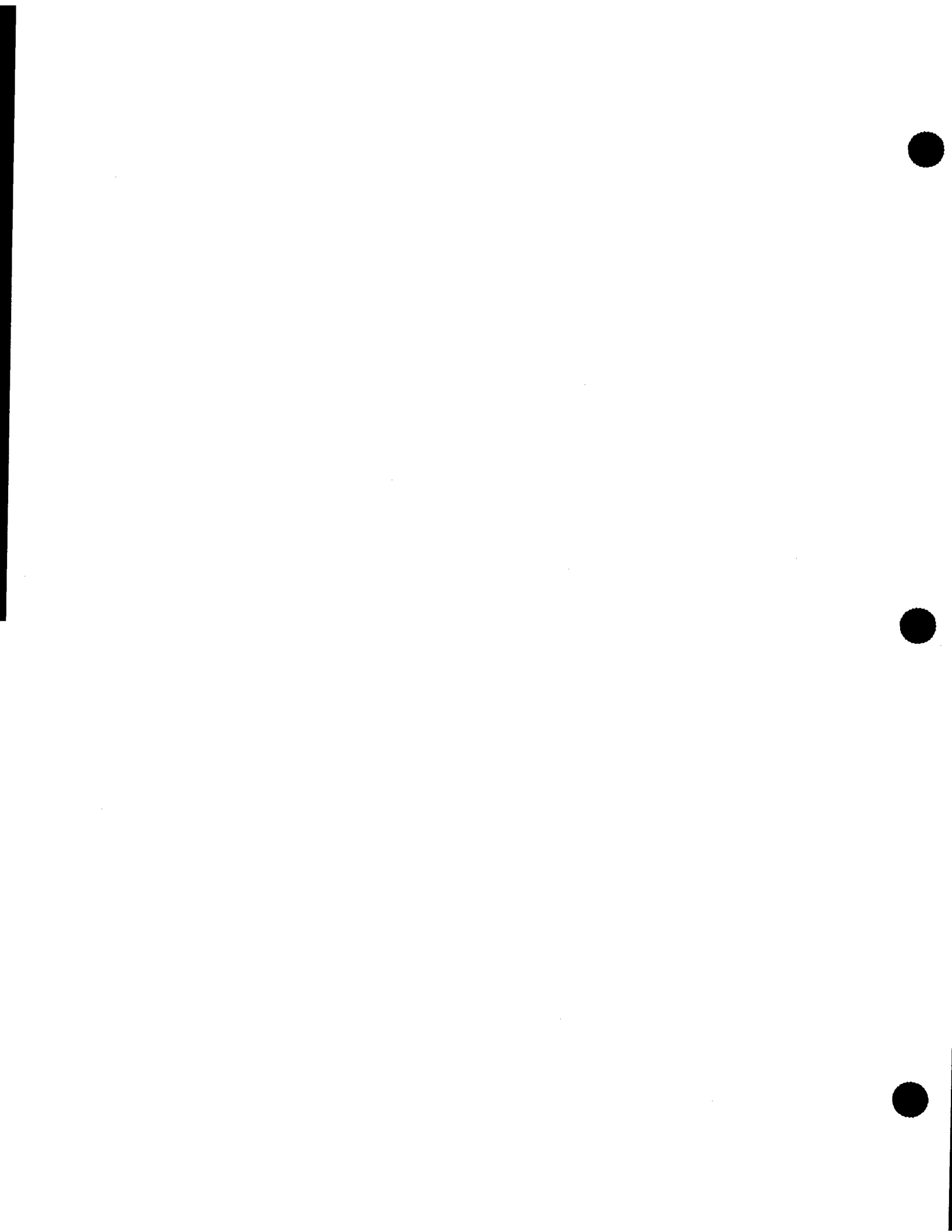
win. Argosy in Lawrenceburg is historically one of the most profitable casino boats in the country, and they were at a hundred and fifteen dollars (\$115) win last year, Aztar at seventy-seven (77), Rising Sun at eighty-three (83), Caesar's at eighty-six (86), Belterra at seventy-eight (78). It just appears to me that that win average that you projected, eighty-five (85) would seem to be a bit high, and aren't all of the projected revenues based upon the win average?

BOB LAUTH: Yes, they are. I would only tell you that we've spent a great deal of time on this matter, and as you pointed out, the Innovation study is just that; it was done by a reputable and reliable firm, and we do think they know what they're doing, but most of us on this team believe the Innovation Group's numbers, if anything, are low, given the magnitude of what we are doing here and the average length of stay that will result in that, and I am one of those people who believe that at the end of the day, the wins projected will prove to be low.

DON VOWELS: I'm just looking at the Innovation Group, and they had previously done a study for this site in August of 2003 and updated it. What do they do? Do they do gaming market assessments? Is that all they do?

VERNON BACK: That is their business, gaming market assessments.

DON VOWELS: Where are they?



VERNON BACK: They're located - the group we deal with is in New Orleans. They also have a New Jersey office.

DON VOWELS: I just have a couple other questions. Mr. Barden, you've been with us for a number of years now. You opened in 1996, so we're dealing with about nine years together. Within the State of Indiana there's a statutory prohibition from casinos and key personnel from any political contributions to state and local offices, and of course, you're well aware of that and have complied with that, of course. Mr. Lauth, will that make any impact in your group? My question to you would be: As far as from when we were last together in July of 2004 until the election in November of 2004, did you, or anyone on your behalf, or anyone associated here, make any political contributions to the Governor's campaign in Indiana in 2004?

BOB LAUTH: I feel certain that someone in my group has, yes, or did.

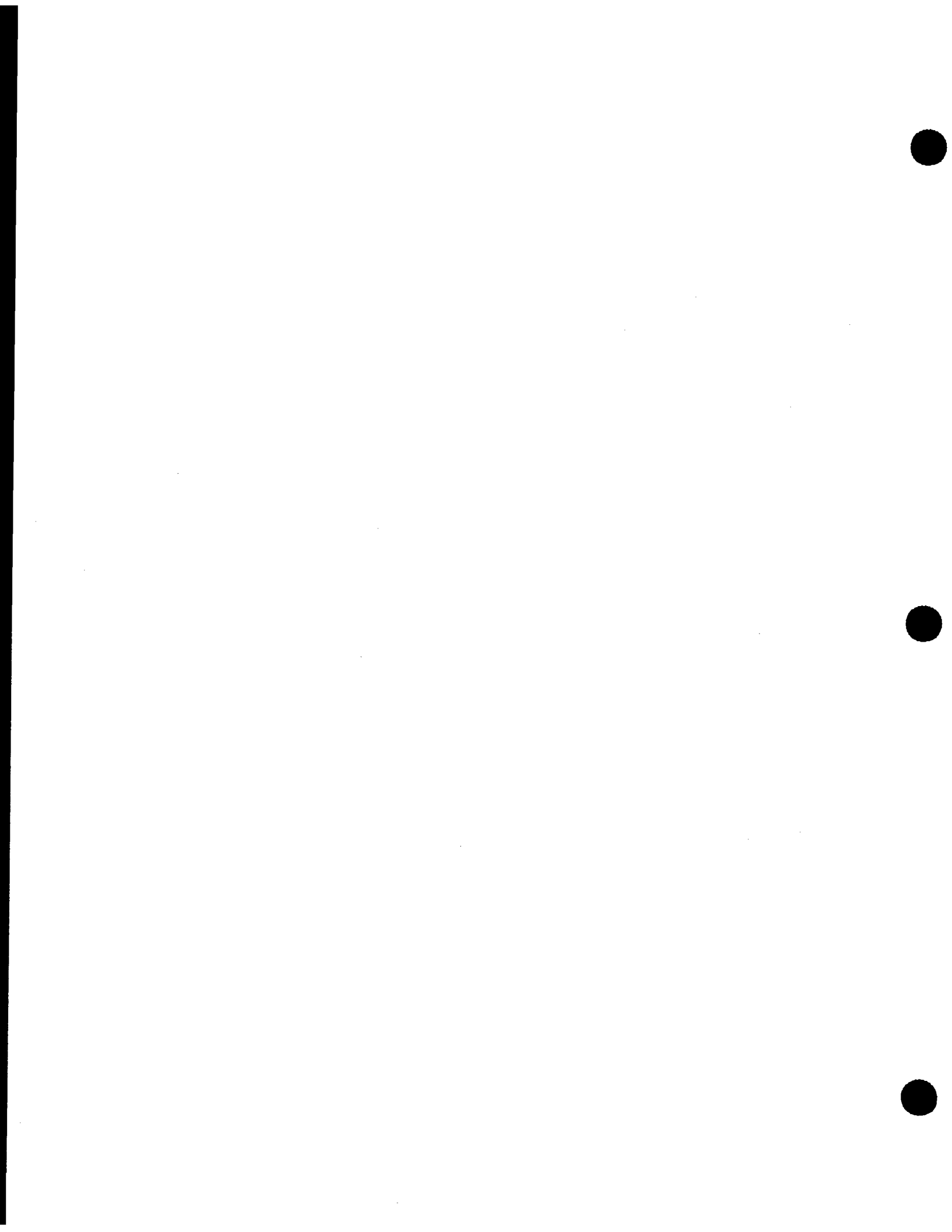
DON VOWELS: Did you?

BOB LAUTH: I honestly don't know.

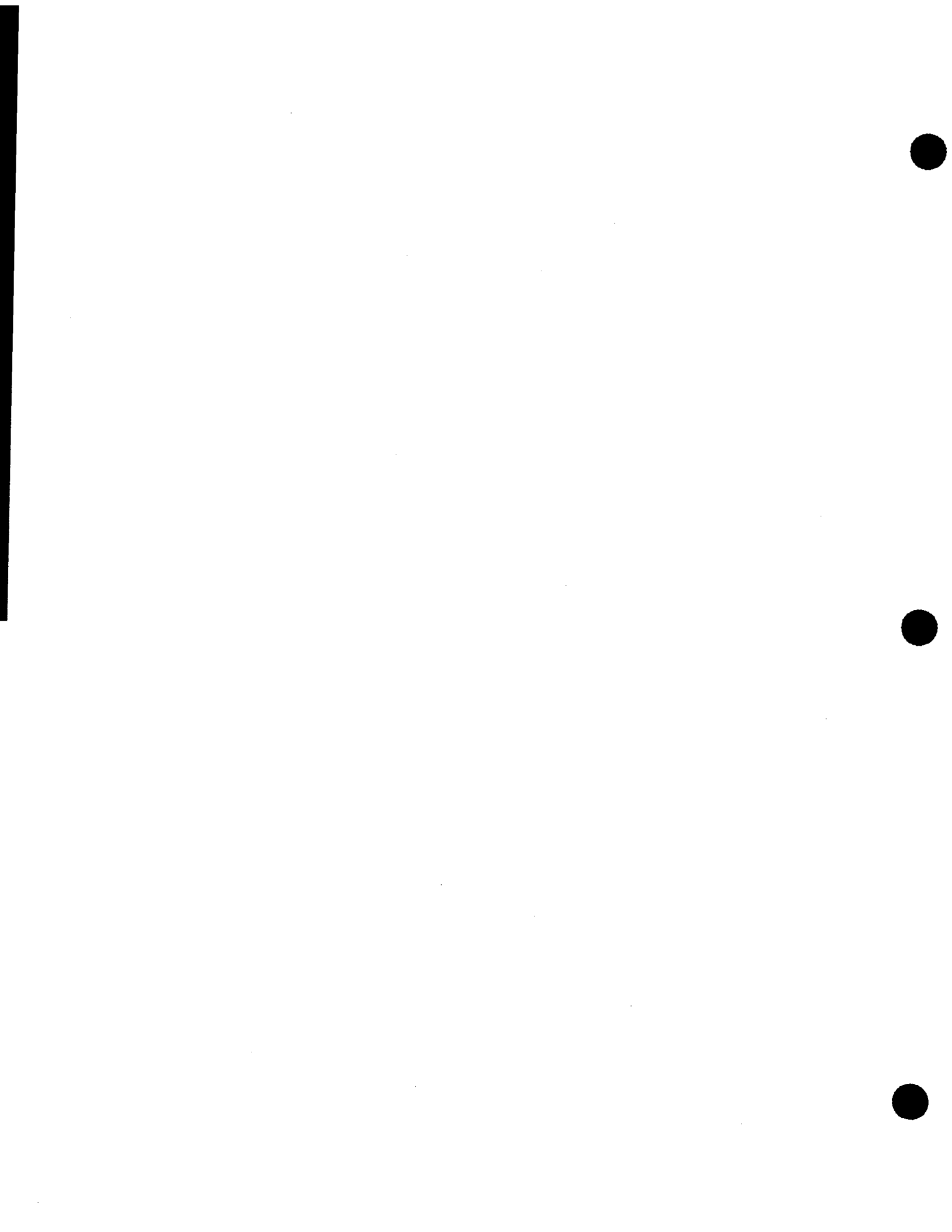
DON VOWELS: I don't have any other questions.

HAROLD CALLOWAY: Thank you. Now we recognize Adina Cloud as Chair of the Historic Hotel Preservation Commission.

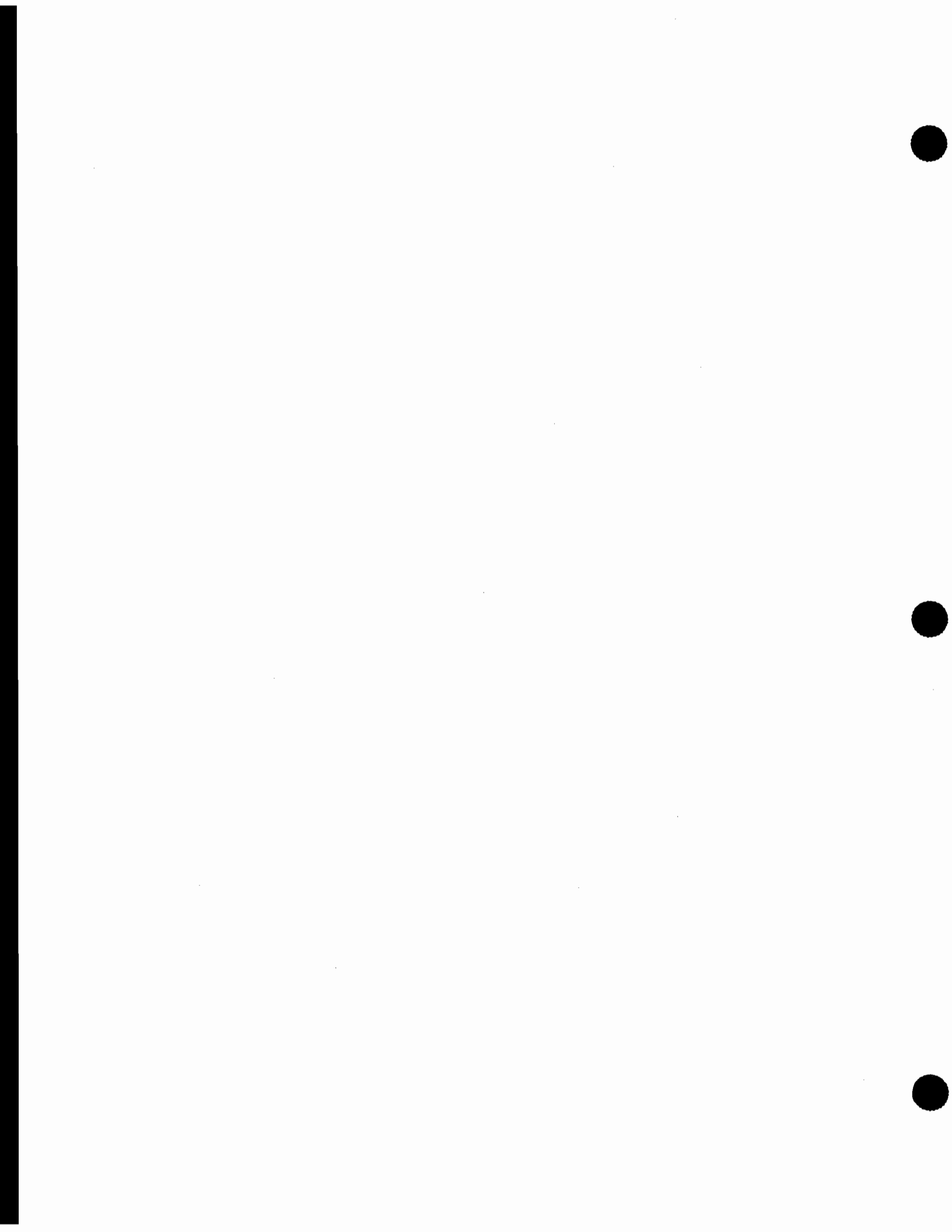
ADINA CLOUD: Good morning. I want to thank Chairman Calloway and all members of the Indiana Gaming Commission, as well as the Executive Director, Earnest Yelton, for allowing me the



opportunity to appear before you today. I do so at the capacity of the Chair of the French Lick West Baden Historic Hotel Preservation Commission. This Commission was set up stat... is a statutory commission, which would actually do the local negotiations with the potential casino applicants. I'm very happy to be here today and to tell you that - or inform you, I should say, that the HHPC strongly and unanimously supports the Blue Sky Casino proposal and urges the Indiana Gaming Commission to select them as the operator for the Orange County casino project. I will not go through the specifics or crunch any of the numbers, because you've heard those over the last hour, and I'm sure you have a good flavor of the proposal, but I would like to take just a couple of minute to point out a few of the important reasons why the HHPC so strongly supports the Blue Sky proposal. First, Blue Sky's proposal will create a true destination. We've seen the numbers, the amount of renovation that's going to be done at the French Lick Springs, the renovation and opening of the historic West Baden Springs Hotel, as well, and also the commitment that Blue Sky has to partnering with our community for future development. We also feel as though Bill, Gayle, and Carl Cook have the integrity and the resources necessary to follow through on what they said that they'll do in this project. Our group has come to that conclusion, not just from the numbers that you see in the proposal, but because of what



the Orange County community has already experienced with the Cook family, how they have unselfishly kept the West Baden Springs Hotel from falling down, the commitment to historic preservation, and the commitment that they have to Orange County. We're also impressed that the Lauth Group is part of that partnership. They have successfully completed real estate developments throughout the entire United States and are very - and they have a great track record. Furthermore, which they have already pointed out, they, too, are Hoosiers, just like the Cook Group. They're people that we want to do business with and people that we can do business with. We are also pleased that Blue Sky selected a very reputable casino company to operate the casino. Evidence of the fact that we can do business with this group is that not only were we able to negotiate and come to an agreement, but we were also - had an approved written contract within two weeks, something that could take other applicants several months to do. One of the most amazing aspects that you are considering accepting in the proposal that you have before you is that once the company becomes profitable that half of the casino profits will be poured back into a not for profit foundation that will help our entire region. As you saw today, that will be used for historic preservation, education, and economic development in southern Indiana. Because of the generosity of the Cook Group, we will have this opportunity, and that is amazing. In



conclusion, I would like to say that although I am here at the capacity of the Chair of the HHPC, first and foremost, I am a citizen of Orange County. Although I work in the town of French Lick, I live on the opposite side of the county, in Orleans, and I'm involved in a lot of organizations throughout the county, and I can safely say that as a whole, Orange County supports the Blue Sky proposal, but at the same time, it has been a long process, and we're hoping to see dirt fly very soon, so we'd like to move forward with this project. With that said, we strongly urge you to endorse Blue Sky and to select them as our operator. Thank you.

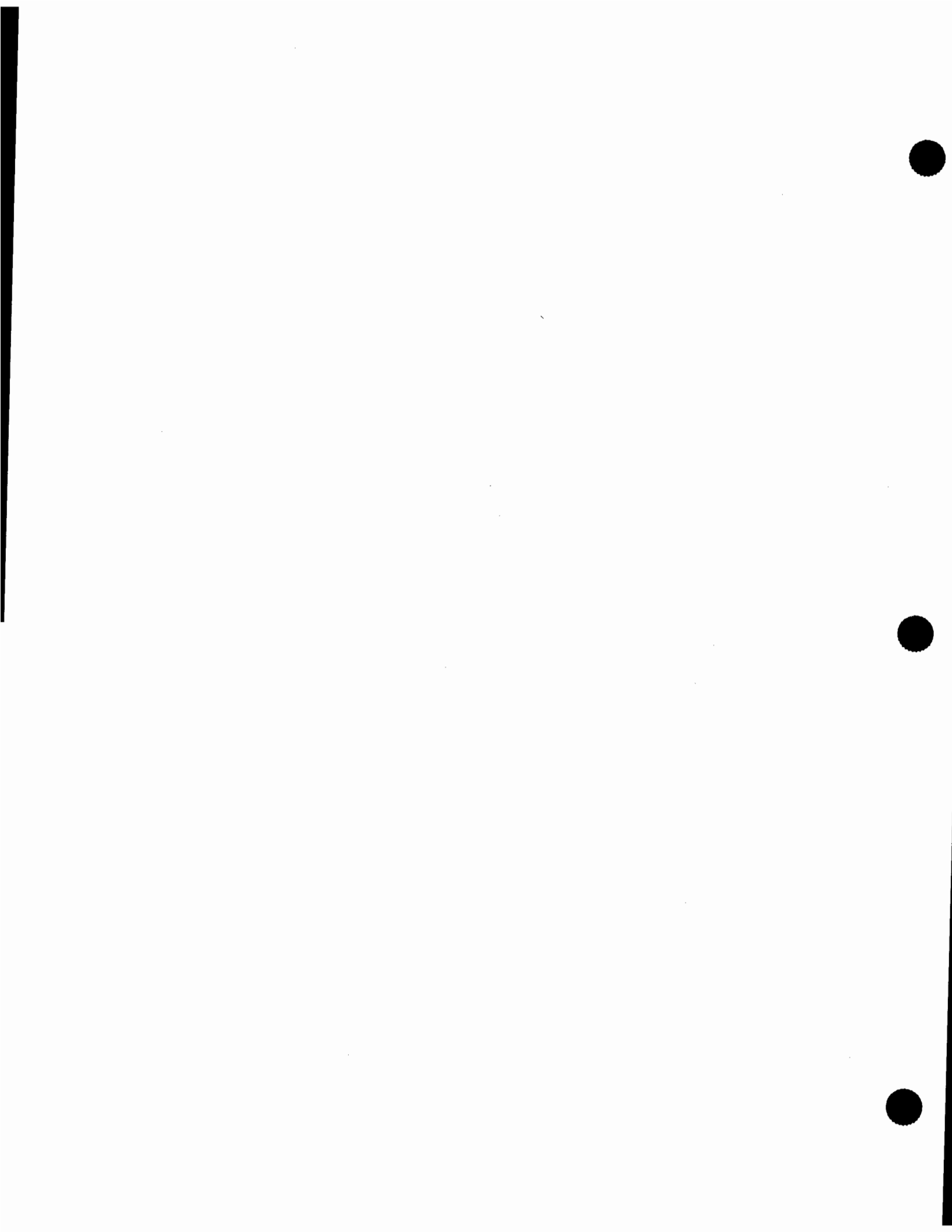
HAROLD CALLOWAY: Will you stay at the podium for questions, please? Do the Commissioners have any questions for Adina?

ANN BOCHNOWSKI: Based on what you said, I assume that you have a good relationship with this group and that you've been able to talk to them and they've been accessible to you?

ADINA CLOUD: Very.

ANN BOCHNOWSKI: Been cooperative with the desires of the people of this county?

ADINA CLOUD: I think great would be the better word, rather than good. They have been wonderful to work with. They have - as I mentioned, we did in a two week period, everyone came in, dedicated and worked out an agreement. They are very much focused on working and developing within our entire community, and Blue Sky is a perfect fit for Orange County.



DON VOWELS: The projected revenues that we were talking about earlier, which seem to me to be optimistic, do you feel comfortable with those, or do you take those with the same grain of salt that I do?

ADINA CLOUD: Well, I do believe that we will have a premiere destination in Orange County, and I think those numbers are going to be achievable and are going to be even better.

DON VOWELS: When your Commission was negotiating and what Mr. Lauth told us here in black and white today, that regardless of the projected revenues and whether they're met or not, that by the fall of 2007 this dream will have been achieved, is that the impression and - I don't even want to use the impression - is that the clear understanding that you have for your Commission of dealing with this group?

ADINA CLOUD: That is correct. That's the commitment that we've been given from them.

DON VOWELS: It is not tied to any projected revenues?

ADINA CLOUD: No.

DON VOWELS: It is going to happen, regardless?

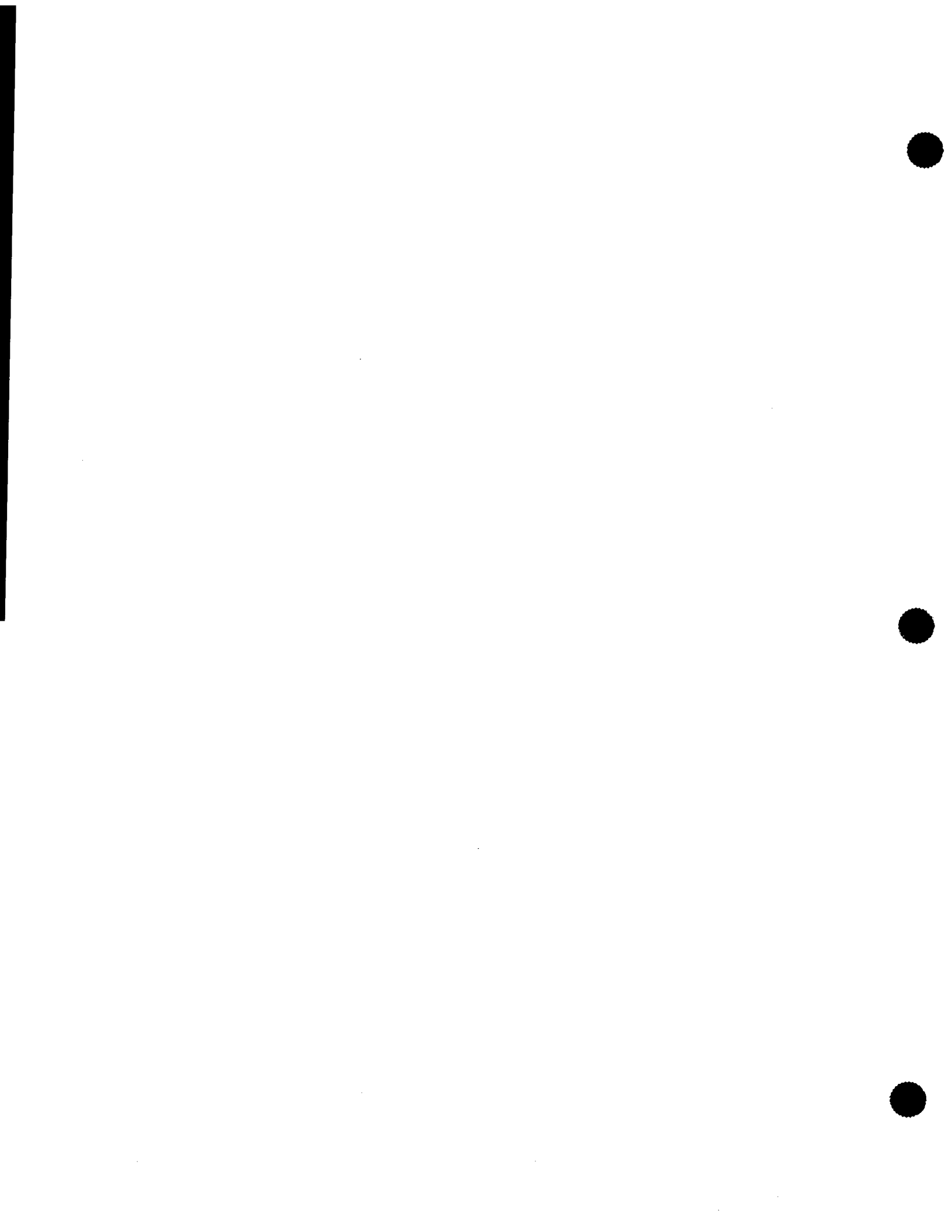
ADINA CLOUD: Correct.

DON VOWELS: You feel comfortable with that?

ADINA CLOUD: I do. We do.

DON VOWELS: Is there anything that made you feel uncomfortable?

ADINA CLOUD: Well... It's too long. (laugh) No. Thank you



very much.

EARNEST YELTON: Excuse me. If I may, I think we can infer from your remarks, but just so the record is very clear statutorily, am I correct that HHPC has specifically approved the site location and the exterior design?

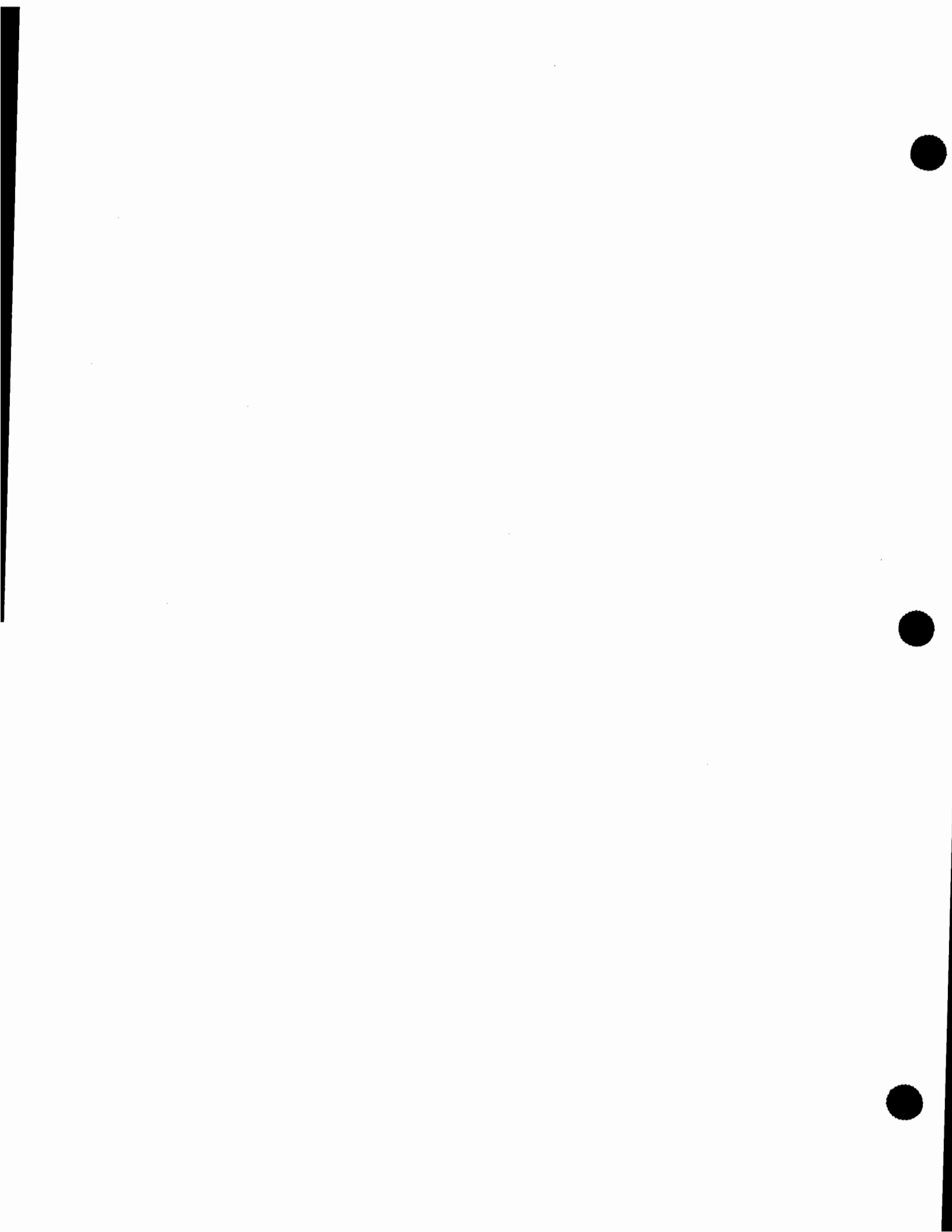
ADINA CLOUD: That is correct. At a formal meeting, we approved the site and the exterior, as well as made a unanimous vote to recommend to you today Blue Sky.

EARNEST YELTON: Thank you.

ADINA CLOUD: Thank you.

HAROLD CALLOWAY: Thank you, Ms. Cloud. Now we will have an opportunity for the public to comment. We are running pretty - a little bit behind time here. We want to allow thirty (30) minutes for this session. We ask individuals that are interested in making a statement to fill out a document back at the back of the room, so we hope we have all of them up here now. We'll try to get to you. We want to start off with State Representative Jerry Denbo, who is from this area and a fine man, and we're glad to have him here today.

JERRY DENBO: Thank you, Commissioner Calloway. Thank you, Commission, for choosing French Lick to have this meeting. I can say a lot of things, but I'll just say I've waited for this day for eighteen (18) years, and of course, it was eighteen (18) years ago in this very building, three people had a dream. It was sort of a joke at the time, and two of



them are deceased, but this thing developed from more than just a dream. We saw such an effort from so many people, starting with three very good governors in the last five years or so, in fact, in the last three years, I guess, that have given their strong support to this. We've seen strong support in the Legislature. Commissioner Fesko, you can remember when we had to struggle to get fifty-one (51) votes for a gaming bill to pass, and we had the huge numbers we had here. We had cooperation from people like the Orange Shirts, who, day in, day out, came to Indianapolis, totally devoted. We had the media. We wouldn't be here without the media today. I think of people like Jack Carnes, who was up at the Statehouse day in, day out, gave everything he had. He was the former chairman of the HHPC until he was tragically killed in an auto wreck, and Jack probably symbolized what this project was about more than anybody, because when you asked Jack, "Jack, what do you want out of this?" He wanted one simple thing out of all the hours and money he spent on this project; he wanted to be the first one on the boat and put the first quarter in the first slot machine. Mr. Barden, I'm going to make a request of you here right now that you let his family do that when you open.

DON BARDEN: Play the dollar slot.

JERRY DENBO: I think it was a quarter he wanted to put in. Come to think of it, hit his family up for a five dollar (\$5)



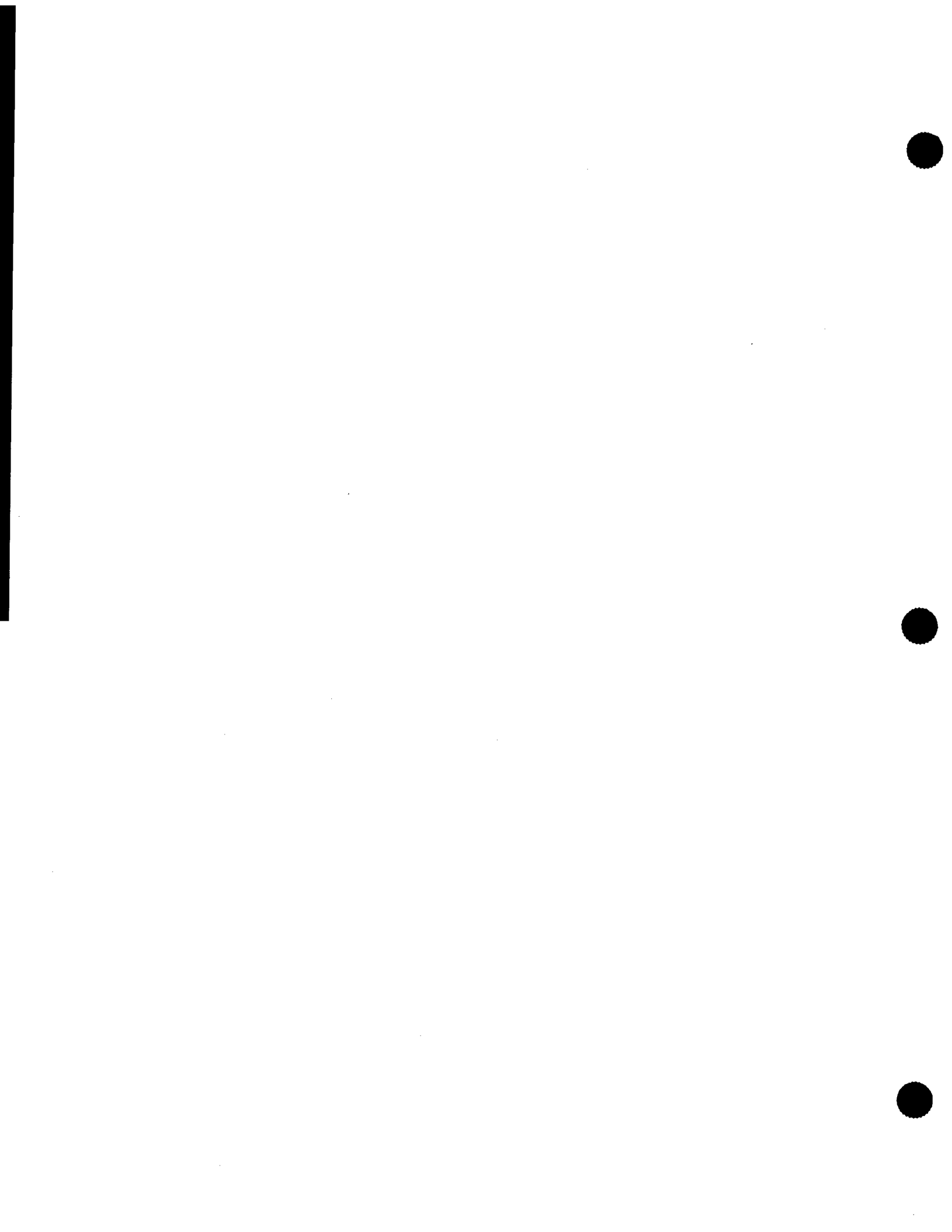
one, okay? (Laugh) Anyway, it was a team effort. It's been a struggle. Commissioner Fesko can probably remember when we were freshmen back in '91, no gaming here in the state and we were idiots, according to some people. Two freshmen putting our name on a gaming bill. We were going to be one termers, for sure, but it's all developed. It's been a struggle, like I said, which leads me to what I came up here to say. It's been well worth it, and starting with three wonderful people: Bill, Gayle, and Carl Cook. I don't know what to say about these people, and you may have questions for me and I'll tell you ahead of time. I've got total confidence in them. This is something to me, it's like being in a fairy tale. These things just don't happen in real life. You dream about them, you read about them in fairy tales, to have a Bill Cook and his family come along. What they're doing here, and I've had years to think about what this place could be like, but they've gone far beyond what any of our wildest imaginations could be. I get asked the question all the time, "Will Bill cook really do that?" or "Why does he do it?" They just can't understand why he'd do it. What I always tell people is I compare Bill Cook to the type of person we all know; we've all known someone who goes out and buys an old beat up '57 Chevy. They take it home, put it in their garage, they play with it for a year or two, and they finally pull out of that garage with the most beautiful restored '57 Chevy and they are so



proud of it. It's just a love they have. These two hotels are Bill Cook's '57 Chevy, and I can guarantee you his motives are right. In fact, he's on target with this vision, he's understood it all the way along, and as an example, look at who his partners are: The Lauth Group. Bob, I admire you. You remind me of somebody else that just refuses to go away. You refuse to lose, and you're persistent. Thank you for hanging in there with this. Benchmark, my gosh, if you've not had a chance to talk to the Benchmark people, talk to Sam Haigh. Talk to them about their enthusiasm. They're top notch. Who else do you know that would come in and one of the first things they ask is to break the union contract with their employees because they're being paid too little and they want to raise it? This is the type of people we're dealing with here. Don Barden, my gosh, the reputation you have is outstanding. I guess what I'm trying to say is this is just a very, very exciting time to be alive, to see a county transform from the poorest in the state to the guardian spot of the Midwest, and that's what it's going to be. And I just ask that you keep in mind our casino has to be different from the others to be successful. We don't have the large population centers to draw from. It can't just be a casino, it can't just be two hotels, and we're going to ask your help in the coming years. We can't just look at the next eighteen (18), months, but we've got to look at the next eighteen (18)



years, and we need to make this a total destination resort. I think probably more so than any casino, you've got a bigger obligation on this than your others, because this is a State owned casino, and I'll tell you, we've made mistakes here locally, we're going to continue to make mistakes. We need your direction when we do, and we ask that you help us out when we do. I call upon the local people to mark this date as a time that they pledge from now on to work together. We've been through some rough times. I wrote a very complicated bill. We have two hotels that have to be considered, two towns, a county. Fortunately, Bill Cook stepped in and took over, and he's going to make it work, but it's up to us locals to make sure that any petty jealousies or anything is put aside and we make this one united effort, so with that, I'm going to conclude and thank you again for being here. I want to thank everyone who has helped make this such a success. From the bottom of my heart, you don't know how much it means to the community. I've got two little granddaughters back here somewhere in attendance here, and I ask you to think about the future, because there's no one person, no one entity bigger than this project. When you get down to it, it's about the kids and the future we're providing for our grandkids, our great grandkids, and it's exciting to think that each and every one of you have been a part of it. Thank you. God bless you, and I'll answer any questions you might have.



HAROLD CALLOWAY: Tim.

TIM FESKO: I don't have a question, but I would like to make a comment. I would like to defend myself. Sometimes Representatives don't like to make public the fact that they serve in the Legislature, but I understand and appreciate the synergy of many people willing to bring this project to fruition. I do want to commend Representative Denbo. He and I, as freshmen in 1991, got together with two other legislators for the first time in State history we passed a bill for land based casinos. At the time I was interested in bringing land based casinos to Gary, Indiana, and Jerry jumped on and he said, "You know, my area needs help. We're also a depressed area. Can us help us and will you allow me to become part of this legislation?" It got passed in 1991 and was sent over to the Senate side, where it met its immediate demise. We tried again in '93. In 1993, it passed it again and sent it to the Senate side. At that time, it was massaged over and over again, and what we saw at that time was for river based rather than land based casinos, and of course, the rest is history from there. Subsequent to that, Representative Denbo and I, two or three times, tried to pass legislation out to award the eleventh and final license to Orange County, and that failed after that effort but finally became reality, and many of you here, your efforts, you never gave up. Representative, you should feel very good about what



you've accomplished and you've done a nice job.

JERRY DENBO: Thank you, Tim.

DON VOWELS: Representative Denbo, one quick question. You talked about the dream of the destination resort and that's what we all hope this to be. Based upon the numbers that I heard earlier, one hundred and fifteen point eight (115.8) million dollars in total annual revenue, ninety-two million (92,000,000) would be coming from day trippers. I just calculated it and that's seventy-nine percent (79%) of the annual revenue coming from people who aren't going to stay here, day trippers, which would lead me to believe a small market area, maybe people close here. How do you feel about that and how that fits into what you see and what you had hoped for as legislation progressed and passed? Isn't that counter to what we all hoped for?

JERRY DENBO: I may just - probably the best way to answer that is to say I completely trust the Cook-Lauth Group on this. Yes, it is a little bit, to be truthful, higher on the day trippers that maybe what we had, you know, what we had said, but also remind you that this casino is - I strongly disagree with them when they say it's going to be a hundred and fifteen million (115,000,000). It's going to grow dramatically. I think we're going to have one of the top casinos in the nation, or at least in the state. I really do. I think a hundred and fifteen million (115,000,000) is so



conservative. I think the additional guests we will have coming to our casino will be from the family vacationers, and keep in mind when this casino first opens up, we're not going to have the room capacity yet to handle a lot of overnight guests that will want to come. I mean, two hundred (200) restored rooms just aren't that many, but as this project grows, I see the family vacations, conferences, conventions really picking up speed, and that number of the day trippers steadily drops.

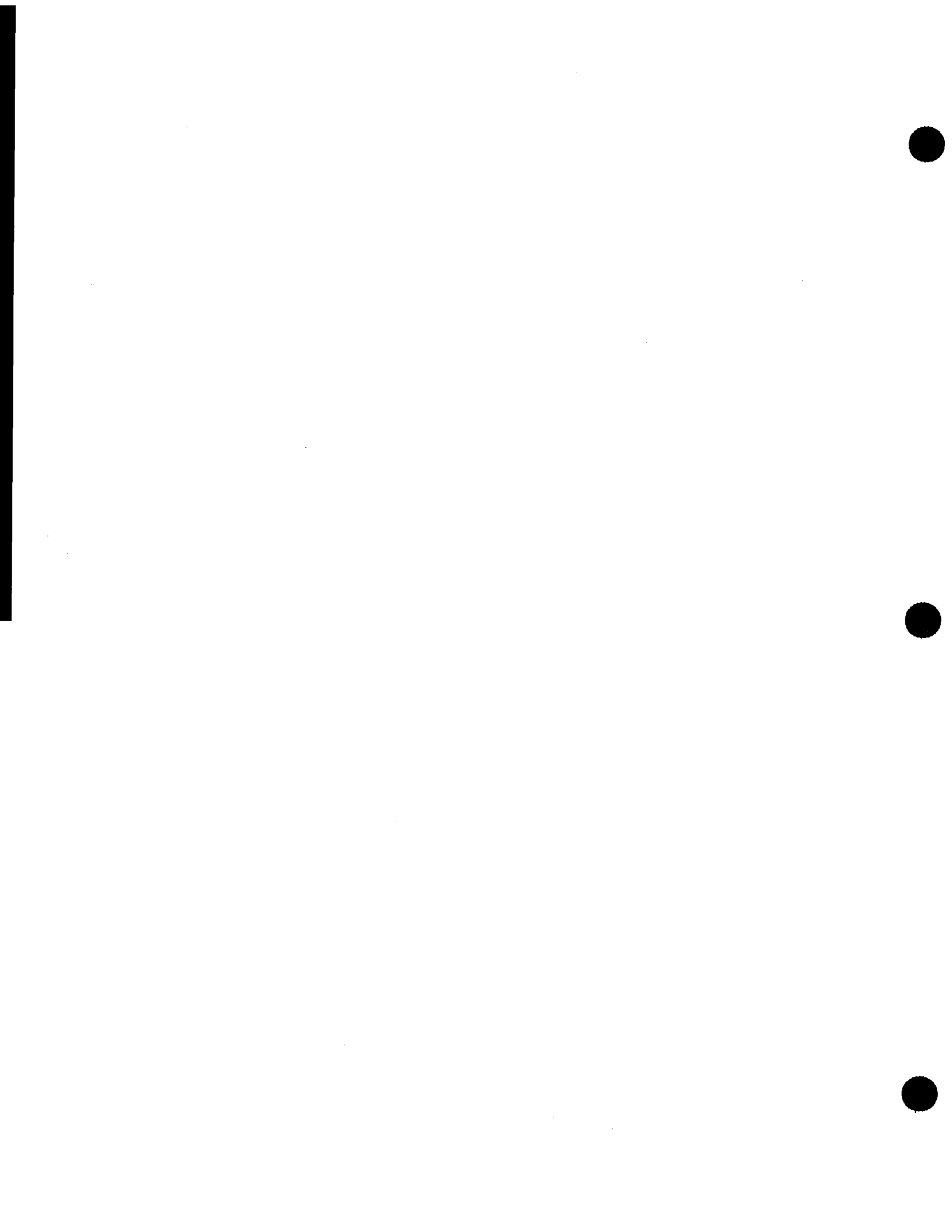
DON VOWELS: Don't you agree that it's important to keep an eye on where they are marketing?

JERRY DENBO: Yes.

DON VOWELS: Because if they're going to get nation wide business and regional business, they're going to have to market more than just the radius that they're talking about.

JERRY DENBO: I'm in strong agreement with you, because it was presented in the Legislature that we're working on the true destination resort that we probably be in as strong competition with Aztar or with Belterra, but we are trying to reach out to different market segments, and I feel confident you will see that develop in the very immediate future, but I agree with you, we do need to keep an eye on that.

DON VOWELS: There is also, and we talked about this in the past, but if Kentucky falls and goes to casinos, this place will actually be more insulated than all of the riverboat -



the river casinos.

JERRY DENBO: You're exactly right, and that's, again, due to the vision we had years ago and the one that Mr. Cook and Mr. Lauth have joined on board recognized by making it a true destination resort. We're going to have some great activities here that we're going to attract people. The casino is going to be a small part, so I think we will be insulated, and that's a good thing. Not only Ohio - or Kentucky, but we've got to keep in mind Ohio is getting into this, and Indian gaming in Michigan, and of course, we're always a continuous rivalry with Illinois, you know, but we're in a great position here in French Lick, Indiana.

DON VOWELS: Thank you, Representative. I don't have any other questions.

ANN BOCHNOWSKI: I would like to follow up on that. I know several organization that my husband and myself belong to, and we used to come here for conventions and don't come anymore because they were dissatisfied, and I assume - I think I heard something about conventions, which to me, that is a huge market.

JERRY DENBO: It is huge, and that's what we're looking forward to. What you see in the lobby, what's taking place here, I hope I'm not saying something I shouldn't be saying here, but every estimate we ever saw said it would take sixty (60) to eighty million dollars (\$80,000,000) to restore this



building, including the estimates here. I've been informed by reliable sources that Cook-Lauth now have this restoration now have this restoration up to a hundred and thirty-five million (135,000,000). If you know Bill Cook, he walks through and says, "Do this. Do that," and this is going to be such a fabulous hotel and West Baden is even more splendid, probably, I think people will be flocking here for conventions again, so we are really looking forward to returning to the days that made this place famous.

HAROLD CALLOWAY: Thank you, Representative Denbo.

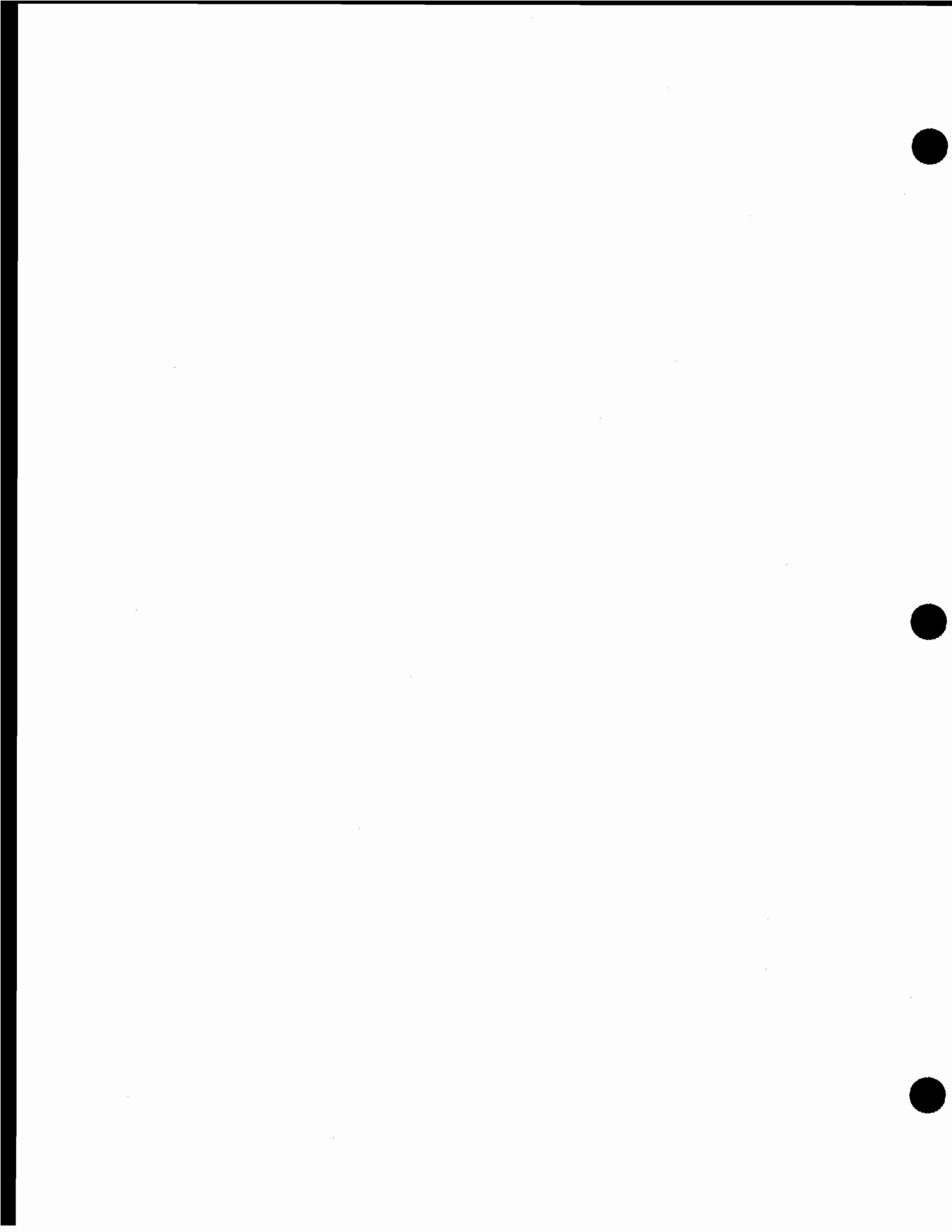
JERRY DENBO: One concluding comment I'd like to make. Commissioner Fesko, as you're getting ready to approve this, we were talking about this last night, I hope you don't hold it against me for keeping you up all those nights when we shared - we didn't share an apartment; we were in the same building.

TIM FESKO: Representative Denbo developed quite a singing voice, and his favorite song was "My Wild Irish Rose," so maybe he could give us a little rendition. (Laugh) He kept may of us up in the wee hours of the morning (inaudible).

JERRY DENBO: Thank you for this opportunity.

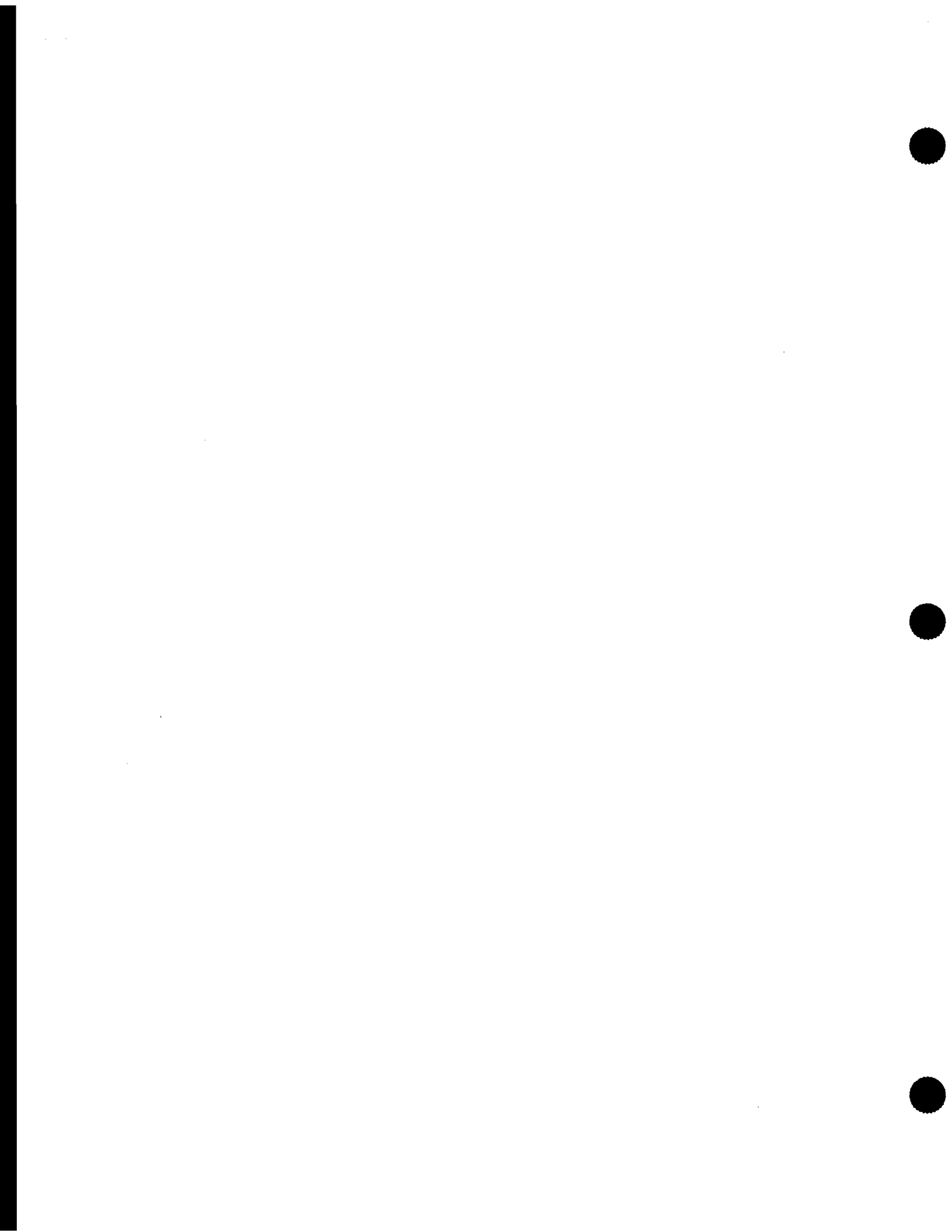
HAROLD CALLOWAY: Now we'll hear from State Representative Dennis Oxley, a member of the House of Representatives from English.

DENNIS OXLEY: Good afternoon. I want to thank the members of



the Commission for coming to French Lick and certainly for having me come before you and testify, and I will be very, very brief. I am - I represent House District 73, which is just next door to where we're standing now, and I'm very proud, very grateful, that I had the opportunity to have a hand in crafting this legislation and certainly pushing it through the Indiana General Assembly, and at the time we were doing that, I never envisioned, quite frankly, I never envisioned for French Lick fully what we have seen here today with this presentation. I think this presentation that we have seen far exceeds certainly anything that I thought would take place here, so I can't speak highly enough about it. I think it's been very, very well put together and very well presented, and it certainly has my full support, and I would ask for your favorable consideration of it, as well. Thank you very much, and let me just say that it was a privilege and a pleasure to work with - to work on this with my friend and colleague, Representative Jerry Denbo. His perseverance through all of this has been unmatched, and he has certainly been the champion of this issue, and I'd be remiss if I didn't say that today. Thank you very much.

HAROLD CALLOWAY: Now we'll have Cathy Carnes, I believe, the Clerk-Treasurer of West Baden Springs with Barry Winger and Jim Springer. Because of the time element, we're going to try to limit our remarks to one minute.



CATHY CARNES: That's fine.

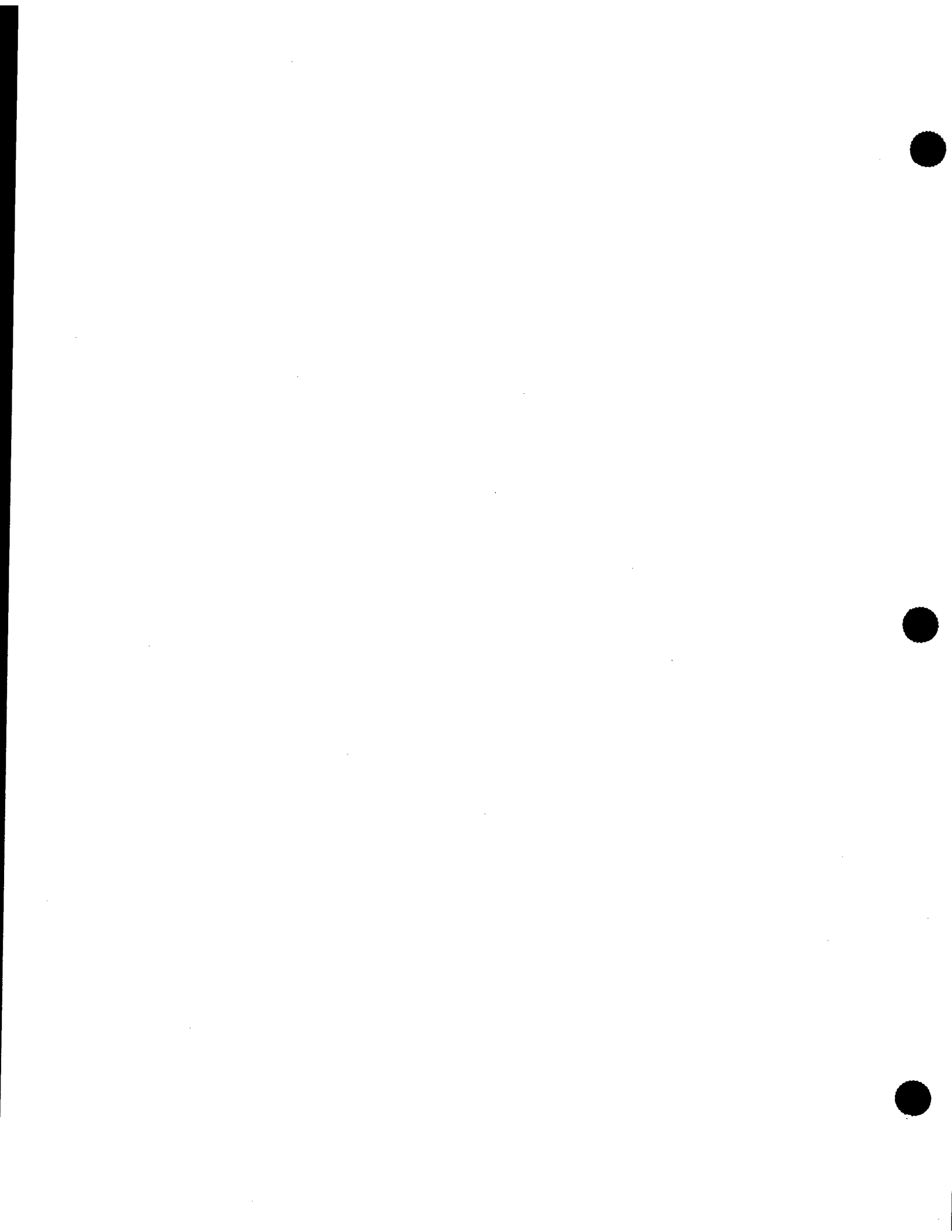
HAROLD CALLOWAY: We don't want to pull the plug on nobody, but that's the deal.

CATHY CARNES: Don't worry, I'll be brief. My name is Cathy Carnes and I'm the Clerk-Treasurer for the Town of West Baden Springs, and I've been the Clerk-Treasurer for the past sixteen (16) years. I am here today representing the West Baden Town Council and the good folks of West Baden Springs. We are truly grateful and thankful to be able to show our appreciation to the many people who are involved in making this dream happen for the community. We would especially like to thank Bill, Gayle, and Carl Cook, Steve and Connie Ferguson, the Lauth Group, the formation of the Blue Sky team, and last but certainly not least, the Orange Shirts who are now wearing blue. The West Baden Town Council feels that what is being proposed to you here today is the best solution for saving our communities. The Council wishes to endorse Blue Sky Casino to ensure the preservation and success of both hotels and to bring much needed economic development to the towns. With this being said, we welcome the Blue Sky team and we look forward to many, many years of prosperity for Orange County as well as southern Indiana. Thank you.

BARRY WININGER: Chairman Calloway, Director Yelton, members of the Indiana Gaming Commission, ladies and gentlemen, I'll read fast (laugh). Nearly a year ago here in French Lick we



celebrated the end of a long journey. It was a journey to bring economic development, jobs, and prosperity to the towns of West Baden, French Lick, and Orange County. Our hopes were high, but little did we know that our journey was far from over. Now, eleven (11) months later, I stand before you as President of the French Lick Town Council and lifelong resident of the Town of French Lick and tell you, without reserve, that our journey is nearing the end. I believe that the Indiana Gaming Commission will allow the proposal presented by the Cook-Lauth partnership. Our next journey will be one that will forever impact our towns, the county, and southern Indiana. In the beginning, the vision and intent of the Orange County Casino Project was to create jobs, economic development, and to become a destination resort that people from all over the country would want to visit. Additionally, the dream was to create a place where our children and grandchildren can find a decent job, continue to live and work in this community. To choose an operator that would help us achieve our vision and fulfill that intent, as well as being good neighbors in our community, has always been our focus. I stand here today without any reservation or shadow of doubt and tell you that we have the right applicant. They have seen the vision, they will fulfill the intent, they will be the kind of neighbor that this community has been searching for. The Cook-Lauth partnership will be a true



partner in this community. I urge you to grant this license and execute the coming documents in an expedient manner so we can get this project and our efforts to support the casino and resort moving. Thank you for helping us to complete this journey and allowing us to begin our next.

JIM SPRINGER: Jim Springer, President of the Orange County Commissioners, and Orange County Commissioners want to welcome the Indiana Gaming Commission back to French Lick today. We are very much in support of the Blue Sky Casino plan. We feel like that this is the project that we've been looking for, and we feel like it is one that is going to bring French Lick, West Baden, and all of Orange County back to the place where we want to be and what we've dreamed about being, and we just ask that you support them, because we do. We can't say enough appreciation for the Cook Group and for everyone that has worked so hard on this. We know the HHPC, the Towns of French Lick and West Baden have spent hours and hours and hours on this, and this is a reality that we're about to all see happen, and I have great admiration for Mr. Ferguson. I've watched him several times. I don't know how he stays so calm and in control, but he always appears that way, and I admire him very much for that. We just ask you to support the Blue Sky project. Thank you.

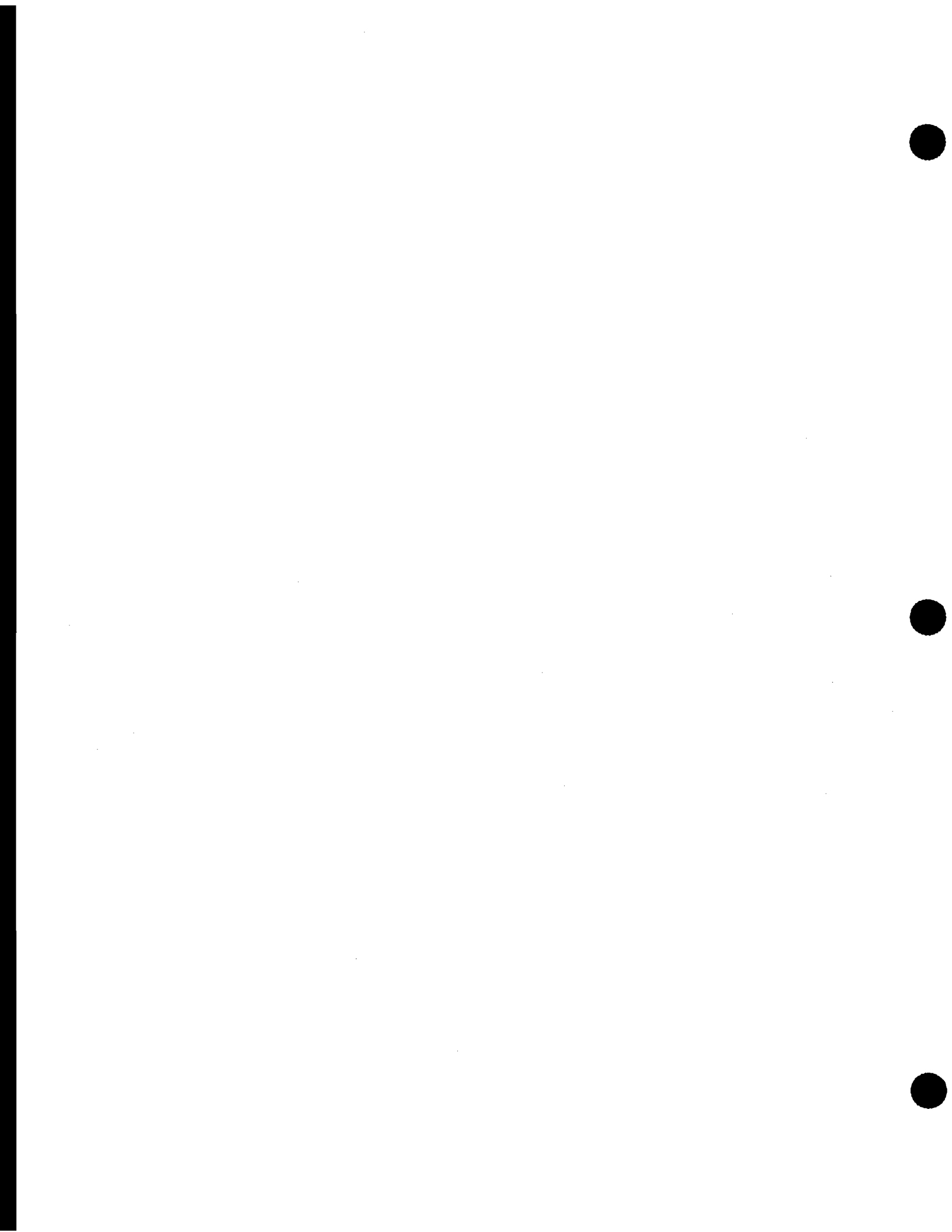
HAROLD CALLOWAY: Thank you, Commissioner. Now we'll hear from Mr. Alan Friedman, the President of Pluto Corporation



here in French Lick, and we would ask Susan Davenport if she would come up next and Butch Cox after her.

ALAN FRIEDMAN: Mr. Chairman, members of the Commission, I'm Alan Friedman. I'm the President and owner of the Pluto Corporation, which is right across the street. Our company has been a long part of this community, almost a hundred (100) years. We're very excited about this project. I have a lot of familiarity with the Cook Group. I don't have as much familiarity with some of the other members of the team, but I'm familiar with what the Cook Group has done here in the West Baden area, as well as in Bloomington. They're good corporate citizens, they do what they say they're going to do. We have every reason to believe that they're going to develop a quality project here. We're excited about it. As a current business owner and probably there are other business owners here in this community, both current and future. We're obviously concerned about what the future holds, the labor pool, the infrastructure, but we have every reason to believe that the team that's been assembled is going to be very supportive of this community, they're going to be community minded and work with the community. Personally, I'm very much in support of this team and looking forward to seeing this operating very soon. Thank you.

SUSAN DAVENPORT: I want to thank you guys for hearing my voice today, as I attended a HHPC meeting in May and was



denied the right to speak, so I want to thank you guys for hearing me today. That's a whole other story, and anyone who wants to hear it, I'd be happy to share that with them when there's more time. At that meeting, it seemed like the only one who did care where money was going and coming and being diverted to was Representative Denbo, and I want to thank him for that. I've heard a lot of talk about money going to education today, which I have children and I appreciate that, as well. I just didn't hear any figures on that and want to make sure it doesn't stay here in the Valley, that all the schools in orange County get some of that funding. I'll keep one question, because I know there's more behind me. Just as far as it was a very good presentation and I'm glad these guys are here and putting it in terms that someone like myself can understand and possibly the other Orange County citizens behind me, but as far as the construction of the casino and resort, the only question I would have is as far as union workers, the jobs, where are those jobs going to go. There was talk of local employment, but I didn't hear anything about union work and things like that, so that would be my only - my only... The things I heard was there's not enough union people in the county to fill those jobs, but I don't feel that's the case.

HAROLD CALLOWAY: Ms. Davenport, this is a comment session and not a question and answer session, so you might want to talk



to the Lauth Group to get your concerns answered, that particular one.

SUSAN DAVENPORT: Okay. Just because I was denied the right to speak at the HHPC meeting, my voice wasn't heard, and as a tourism committee member chairman of Harrison County, there's a lot of things being done there that has a casino, money is being funded towards other things. At that meeting, I didn't hear where it was going to go to, so it's good to hear that the schools and education that it's going to go to, so I want to thank you for letting me be heard today. I appreciate that very much.

HAROLD CALLOWAY: Thank you. Butch Cox. Next we'll have Willie Sanders of the Orange Shirts and Marilyn Fenton of the Orange Shirts. You guys can get in line.

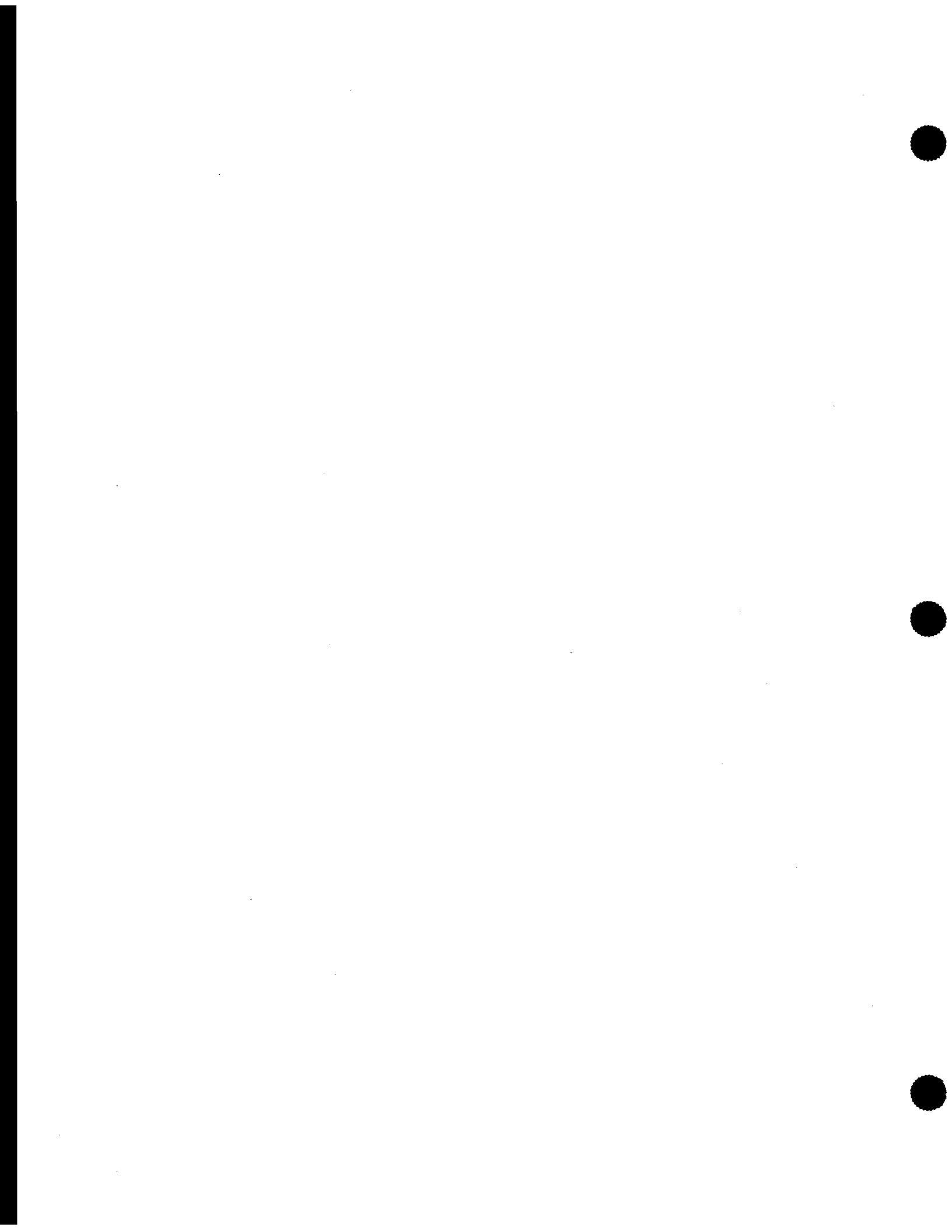
BUTCH COX: My name is Butch Cox. This is the second Gaming Commission I've spoken before. Last time, it fell through. I believe probably this is a better deal. It's nice to have something coming through. On April 13th of this year, our paper here, the Springs Valley Herald, Mr. Steve Ferguson said that it would take the local community, the people in the town, to make this project a success. I hope everyone remembers that in this town; it's going to take all of us. In the same paper, in the same issue, Mr. Lauth said he had a vision of a ten (10) year project to develop the community. We've seen pictures of the resort, we've seen pictures of the



hotel. That is wonderful, but a vision for a ten (10) year project to develop the whole community, that is wonderful, and I will do everything I can to help on this, because this is a beautiful area when you look at it, besides the falling in houses. Thank you.

HAROLD CALLOWAY: Ms. Marilyn Fenton.

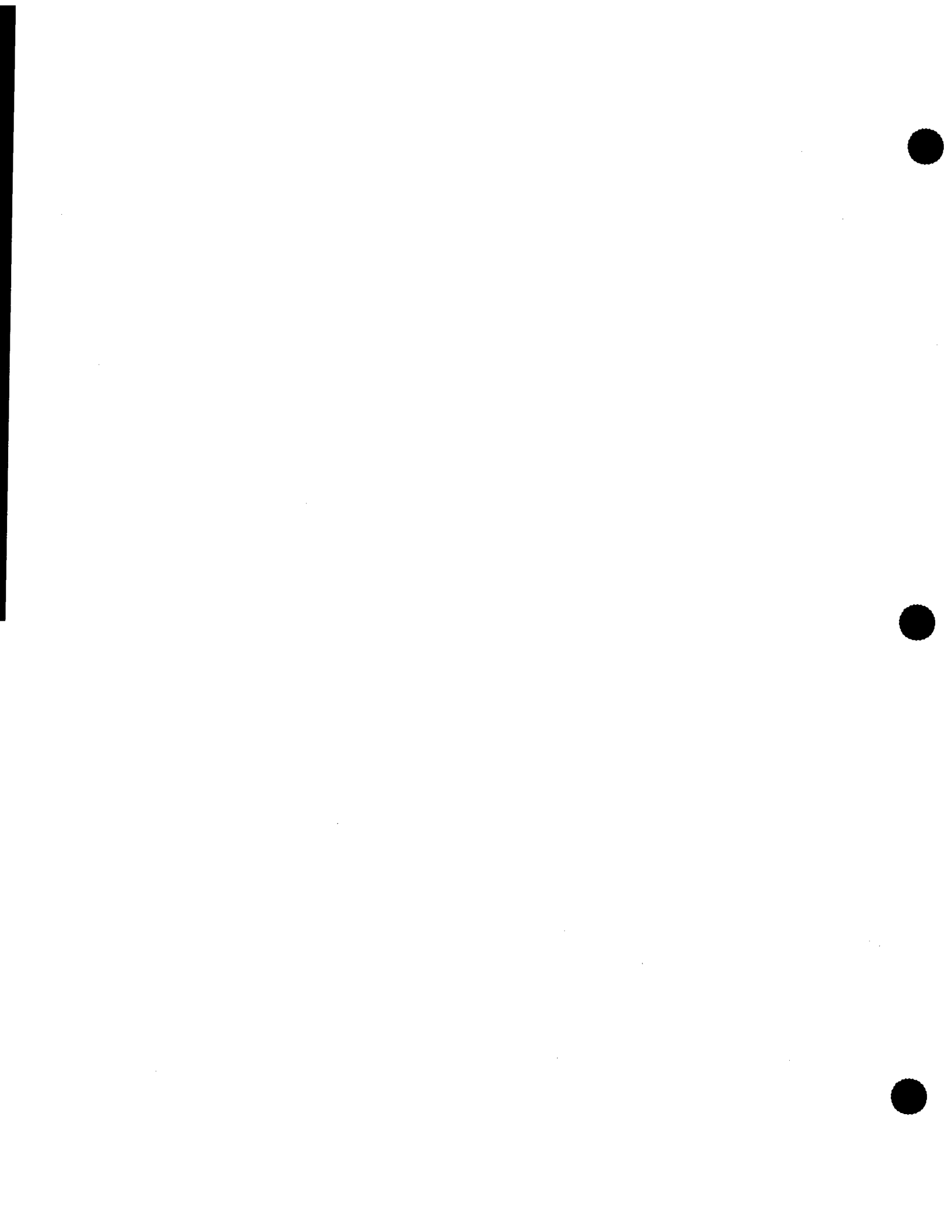
MARILYN FENTON: Thank you for being here. The last Commission Meeting you had, I was the only one that spoke in support of a group other than the Trump Group. I want you to remember that. (Laugh) I also have superb, strong feelings for the group that's applying now. Steve Ferguson has faithfully served on the HHPC long before they knew they were going to be involved, and it was always in the interest of Orange County. The Lauth Group, in my book, steps up because they saved us from the French. They bought the French out right before your last hearing, and in my book, no money generated here should go there. (Laugh) However, before I continue, Jerry was talking about mistakes. You guys did make one mistake. There was history of Orange County with gaming, and it was always illegal. When it became legal, we should have got the first license, not the last. (Laugh) I think that with the integrity of Bill Cook, I mean, they invested here as a philanthropic effort. Now, when he comes in here, it's because he loves the area, and we're so grateful, and then to be represented by the people he partnered with, we



couldn't do better. Please award them the license.

HAROLD CALLOWAY: Thank you, very much. Willa Sanders. After Mr. Sanders, Darla Williams, Law Office of Darla Williams and Associates.

WILLA SANDERS: The Commissioners, HHPC, and the applicants, my name is Willa, W-i-l-l-a, Sanders, S-a-n-d-e-r-s, and I have been a strong supporter of the casino for Orange County for many years. It has been like pulling teeth to get the bill for the casino through the Legislature and their committee meetings. It has been a real experience making the many trips to Indianapolis to keep the fire going for the Orange County casino effort. We've even had some memorable experiences on trips to and from Indianapolis. On one occasion, we saw snow rollers all the way to Indianapolis. We never stayed home when the weather was bad. One time, we were riding on the Star of Indiana bus, the water was up due to heavy rains. The bus driver had to raise the bus suspension up so that we could go through the water. We've done things like personally deliver a lot of letters which were written by Geneva's grandson, Shay Street, to Indianapolis. Steve Ferguson, attorney for the Cook Group, was always present at all the meetings that we attended. Steve was even in the elevator at nine o'clock P.M. on the night they pulled us off the bill and went on to pass the dockside gaming bill, which we so diligently lobbied for. When we first started wearing

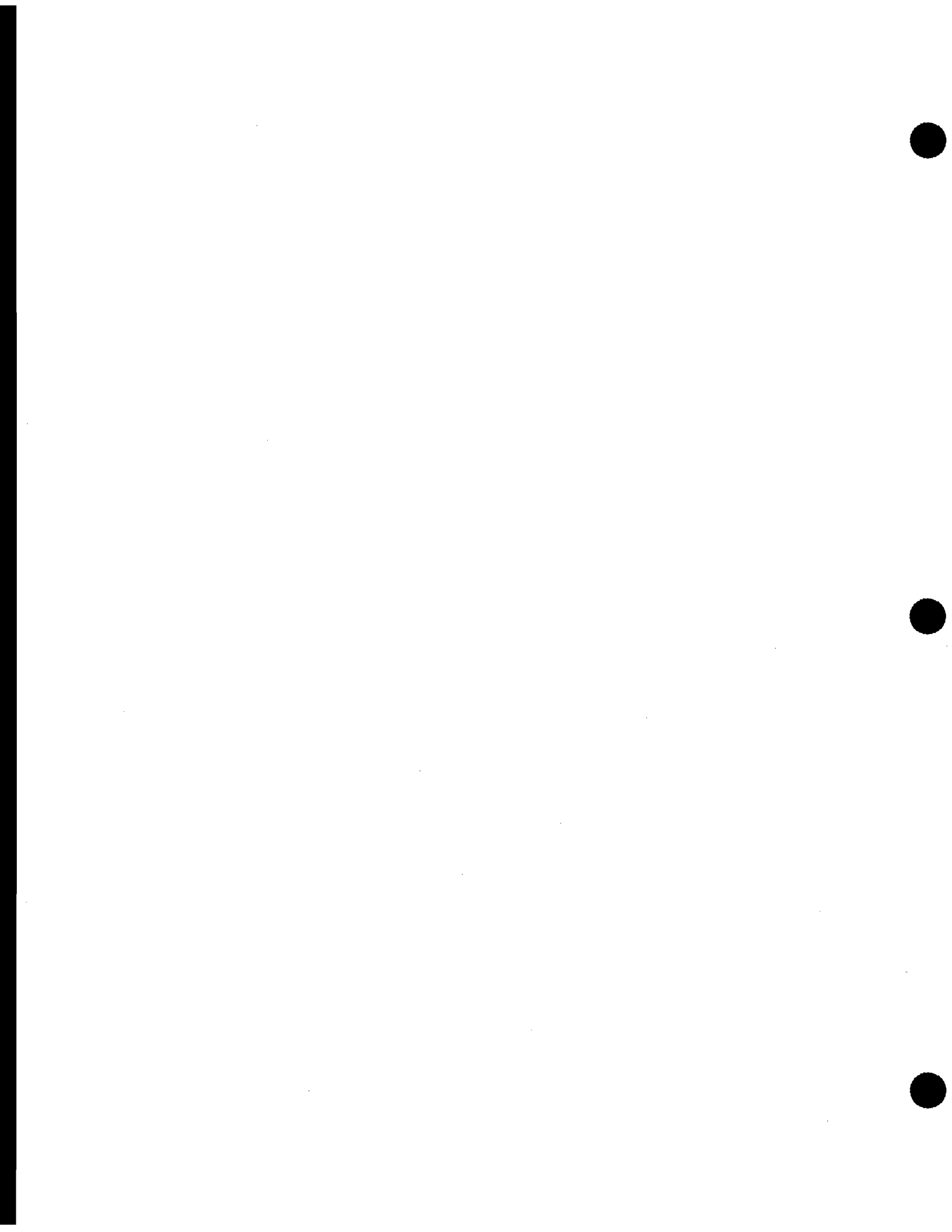


orange shirts at the Statehouse in Indianapolis, no one would get on the elevator with us, but after a period of time they began to respond to us. Johnny McCracken came up with the idea of oranges. We brought up oranges with us for the Legislature. They began to look forward to our coming to the Statehouse. When we came to the Statehouse, someone would lean over the rails and announce our arrival and entrance into the building. We sometimes went to Indy two and three times a week when there was an action or debate on Bill 1902. Senator Irlene Rogers spoke for us at one of the meetings and shared the benefits that a casino had done for her community of Gary, Indiana. State Representative May Dickison also supported us in our goal. Senator Tom Weatherwax and Representative Hinkle, Tom Hinkle, and Representative Russell Stillwell and others worked together to write Bill 1902. We had a meeting at the Ways and Means Committee with Bill 1902. At these meetings, the legislators had the oranges sitting in front of them on their desk and they turned them around to show the smiling faces that they had drawn on the oranges with a pin to let us know that we had won. Tom Saunders, without fail, always greeted us with a hug. I can't forget to mention Senator Lyndel Hume, who was very supportive of our effort. Vye Simpson spoke on our behalf at most of the meetings. Mark Line was always around for assistance. Dan Sipes, otherwise known as Fruitcake, was always around and kept thing lively.

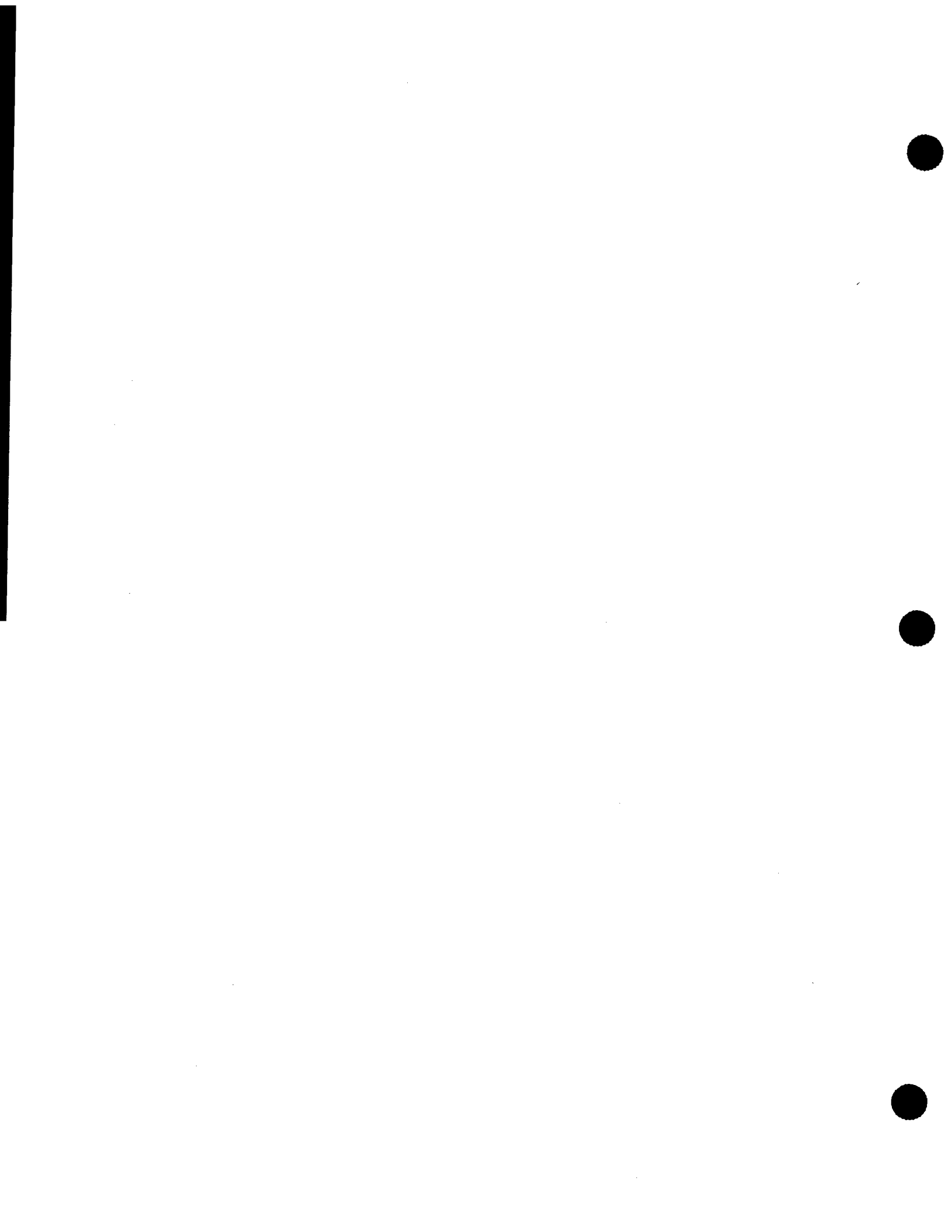


There are two people that are not here today: Jack Carnes, President of the HHPC, and Governor Frank O'Bannon, who ultimately made all of this possible by signing the original bill. This poss... poss... Well, it has surely been a long journey and fight to obtain the fruits of our dreams. It is really wonderful to fully realize that all of our labors were not in vane. Some say that dreams or fantasies don't come true. Well, we are here today to celebrate a wondrous occasion and a fulfillment of our hopes and dreams. They really do come true. It's really wonderful... (Laugh - Ms. Sanders removes orange shirt). I would like to express my deepest gratitude to Bill, Gayle, and Carl Cook, the Lauth Group, Benchmark Group, the Star Casino, the Majestic Star, the HHPC Commission, Indiana Gaming Commission, Steve Ferguson, attorney for the Cook Group, all State senators and representatives whose due diligence gave us all hope, and last but not least, all the Orange Shirts of the French Lick and West Baden area who have never given up on our hopes and dreams. For all the countless hours and sleepless nights that each and every one who have sacrificed time and money to bring this dream to a reality. Now is the time for celebration, reminding us of our beginnings, representing the new, the completion of our joint endeavor and dreams. Thank you, thank you, thank you each and every one.

DARLA WILLIAMS: Good afternoon. Once again, my name is Darla



Williams and I am the owner of a law firm in Indianapolis, and I stand here to support this team. I think they'll do a wonderful job, and I really believe that the people in Orange County truly deserve to have a casino here. I spent some time here last year and I met a lot of wonderful people. I think this boat is going to have some of the most friendliest staff and employees when they hire the people in this community. I am somewhat concerned, however, because I did not hear a minority participation plan. I'm concerned about that because it has been very, very difficult for minority professionals to get contracts with the casino boats in the past. Since this is the last boat, I think we really, really should make an effort to make sure that this boat starts out on the right track. I would like to see a Minority Participation Plan, not only in the construction phase, but post-construction, as well. In the past, as I said, I am a lawyer, I own a certified minority law firm. However, in the past and currently, there are very, very few opportunities with the boats for professional services in such areas as legal, accounting, advertising. We're extremely, extremely, extremely underserved, and I would like to see opportunities in those areas. Recently, there have been creative type plans put in place to attempt to increase minority participation. Some of us have some concerns with the creativeness and the effectiveness of those type of programs, and I would like to



make sure that that doesn't continue to happen. I do have other minorities who do want opportunities on this boat, as well as myself, so I would like to have an opportunity to speak with the team today, if I can, and maybe introduce them to my law firm and to some other people in the community who would like to have opportunities. Thank you.

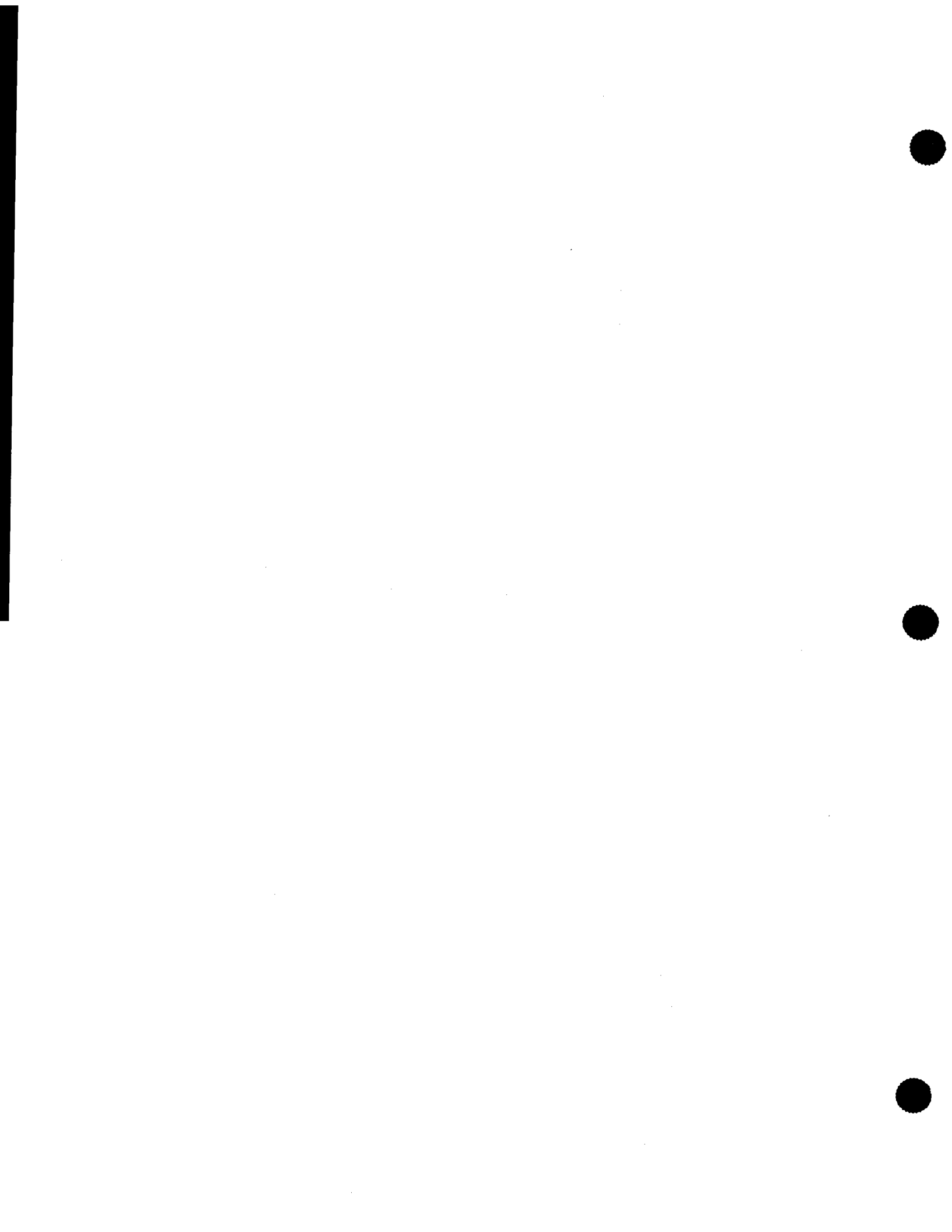
HAROLD CALLOWAY: Thank you, Attorney Williams. Jacki Kendall and Connie Cox. Now the time has decreased to thirty (30) seconds. (Laugh) Steve Williams, you're in the batter's circle. Steve Wilson. I'm sorry. Then Geneva Street.

JACKI KENDALL: Yes, my name is Jacki Kendall, and this is my sister, Connie Cox. We are the daughters of the late Jack Carnes. I'm going to try to get through this. It's pretty emotional for us. Our father worked thirteen (13) plus years to see this dream become a reality, and we are here today to thank the following on his behalf: Bill Cook, Steve Ferguson, Lauth Group, Benchmark, Orange Shirts, HHPC, and Bob Swyer, and Jerry Denbo for striving ahead and seeing this thing through. Our father leaves a legacy of love for this community and the people in it. He had nothing to gain in his tireless efforts to bring this casino to the Valley except a brighter future for this community. This meant more to him than all the riches in the world. After many years had gone by and being turned down every time, my father and the Orange Shirts were still making the trip to Indianapolis. I remember



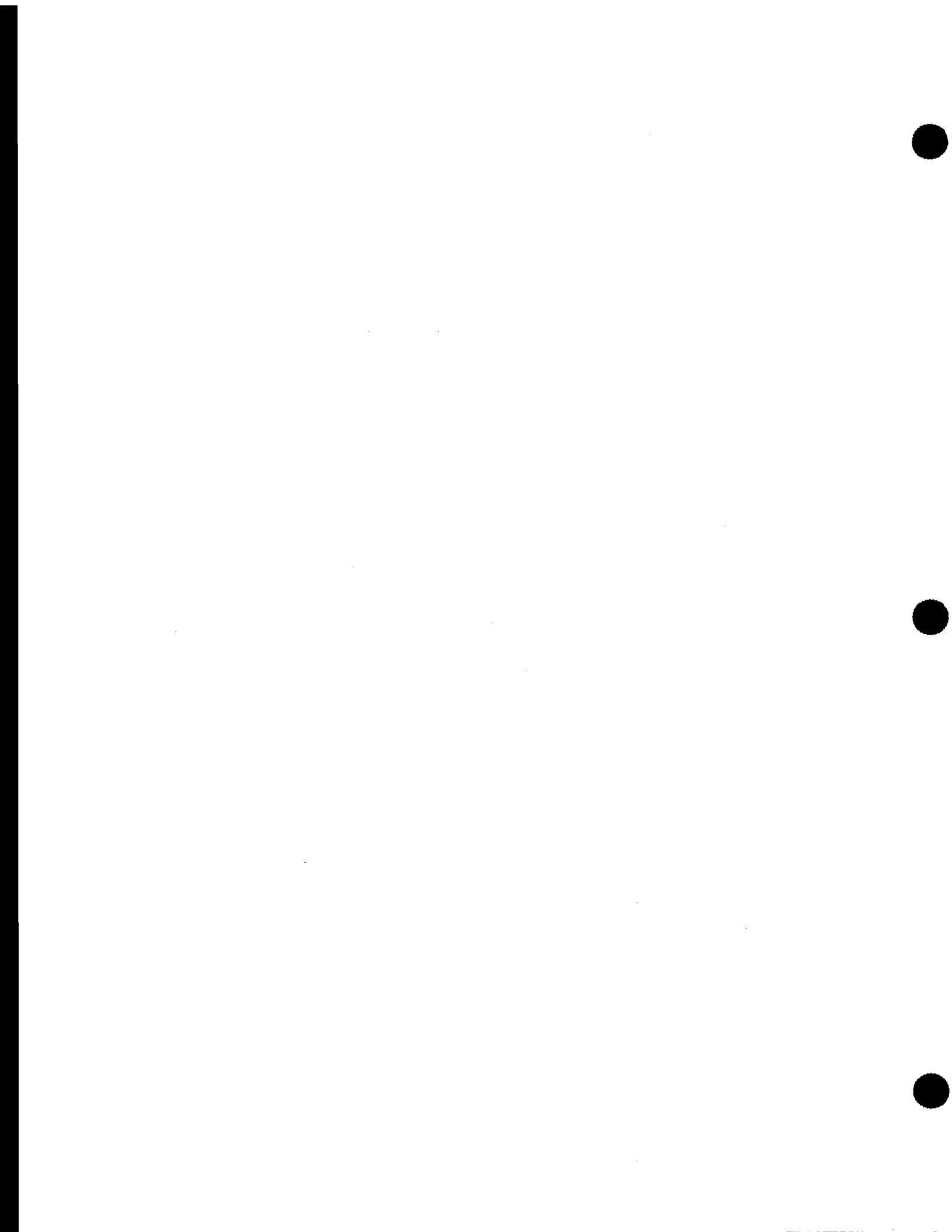
saying, "Dad, why are you going back up there?" I was worried about him wearing himself out, being on the road, and being rejected once again. He was always positive and hopeful, and he would say, "We are going to get through this time," and he would smile. In closing, through all of this I have learned from him that persistence does pay off, and don't give up on your dreams.

CONNIE COX: When my sister and I were asked to speak on behalf of our dad today, I really didn't know what to say. Most of you here know Dad and what he was about. For those of you who did not, I'll try to give you an idea of what motivated someone to take on a cause that lasted for thirteen (13) plus years. All those years ago, Dad saw a town that was dying. The factories were closing, businesses were moving away, and we were becoming a ghost town. He knew something had to change and soon. After much research, he came to the conclusion that the only answer was a casino, so he and a few friends got together and took on the Statehouse. Each year they grew in numbers and became known as the Orange Shirts. They stuck with it year after year until they finally saw their dreams become reality. Along the way, there was a handful of people that made comments that Dad somehow had to profit from this, because no one puts that much of their time and soul into something for nothing, but Dad never cared about money. If he had some, fine, and if he didn't, fine. All



that mattered to him was his family, his friends, and his community, so in a way that handful of people were right, because when Dad saw his dream becoming a reality, and all the hope and opportunities it would bring, on that day it made him feel like the richest man in the world. Thank you.

STEVE WILSON: Hello, my name is Steve Wilson. I'm from Paoli and one of the Orange Shirts that went to Indianapolis all the time. Just about once a week they'd call me and say, "We've got to go." Sometimes it was six in the morning; sometimes it was eight in the morning, but most of the time it was early. I never met Bill and Gayle Cook but I have saw the work they've done over at the West Baden Hotel, and it's just, if you never saw it before - we used to have our proms back in the early '70's at the hotel when it was a college at West Baden, and a few years later, ten (10) years later, I used to go to the hotel and it was so bad and falling apart and falling down, you'd just go home sick for two days, knowing what it had been and what it could be. I did meet Carl Cook. Carl's just everyday people, just like the rest of the Orange County people and like the rest of the people of Indiana, they're wealthy people but they're very common people. The one that stood out all these years for me has been Steve Ferguson, my friend here to the right, and what always impressed me about Steve Ferguson, he's the kind of guy that goes through the crowd and he shakes hands with all the little



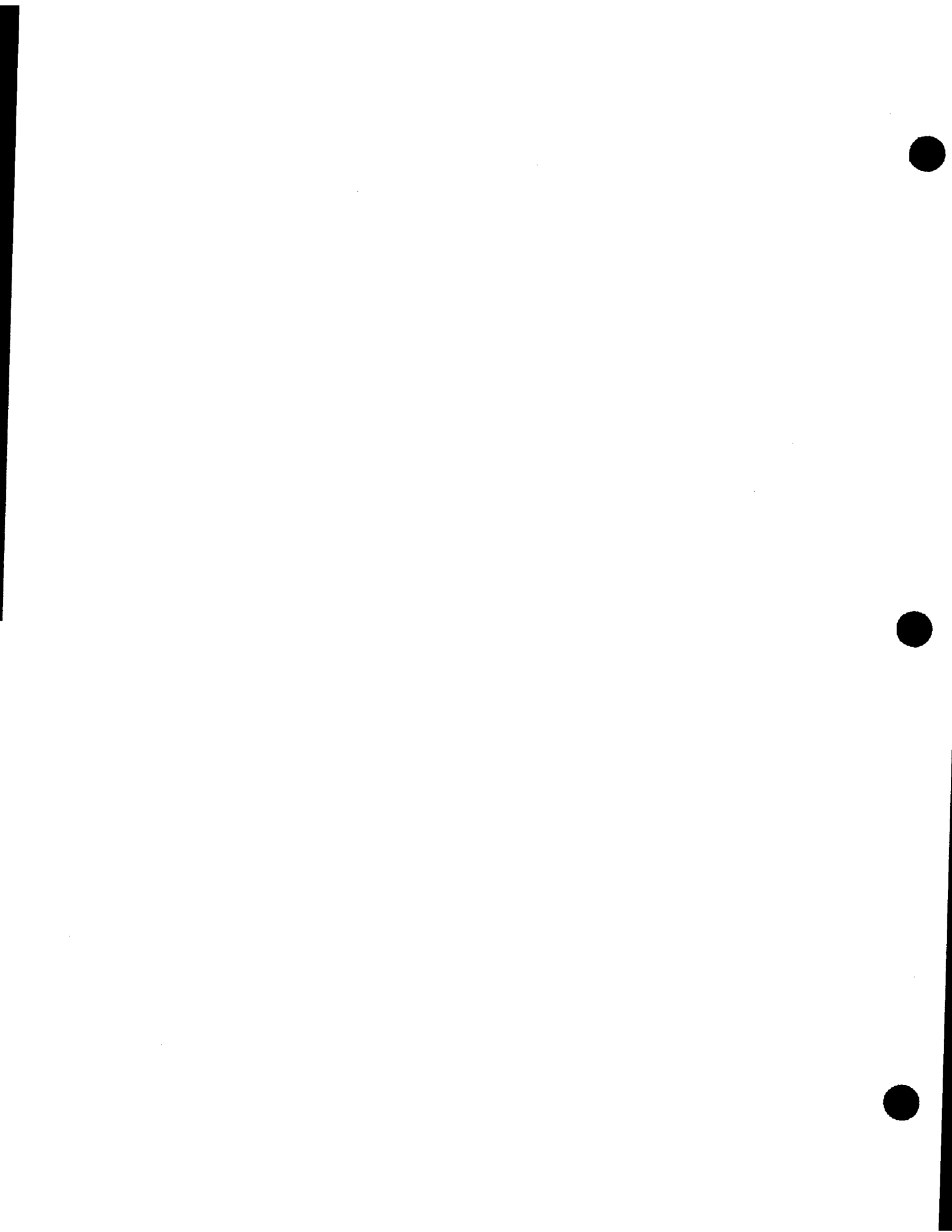
people, and he always has a kind word to say to you and he always has something good to say, but I think Steve Ferguson is really, you know, he's the right hand man to Bill Cook, and if Bill Cook is anything like Steve Ferguson, well, I think Steve Ferguson is just like Andy Griffith in the little town of Mayberry. I mean, this is as good a man as I've ever met, and I just wanted to congratulate him. I've told him to his face what I thought of him before, and I think he's just a wonderful individual and I think the Cook family will come in here and they'll do things right. This hotel and the West Baden Hotel, once they are restored to where they should be, I think they'll carry their own weight without a casino, but the casino is just something that makes it go for - it makes a sure footing for these hotels to survive. Thank you very much.

HAROLD CALLOWAY: Geneva Street. Geneva Street, please.

GENEVA STREET: Did you all leave me till last so I couldn't say very much? Earnest, did you do this?

EARNEST YELTON: The Chair did. I did not.

GENEVA STREET: Thank you, Mr. Chairman, the Gaming Commissioners, and the Director - what am I supposed to say - Executive Director Earnest Yelton. I want to thank you for coming down again this year. We have changed our mind and we have a better opportunity for this group. (Laugh) We've got the Cook Group. We've got Bill, Gayle, and Carl Cook, and



Steve Ferguson. I even told his wife, Connie, when this was all over she could take him home, but we ain't gonna let loose of him. We want to thank the Lauth Group. I asked Bob for apologies, because we was for Trump before, and we didn't realize how good Bob, Vernon Back, and Greg Gurnick, and all of that whole group, we didn't realize that they had just took over the French group, and I didn't know anything. I still don't know anything, but I'm here. Jerry Denbo, I don't want to leave him out because he's been a problem with us for years. He hollers at us to go here and go there and do this and do that, and we've done all that. Now, you know that's gonna be over, and I'm sure I'm gonna miss it. The HHPC, I don't want to leave them out. Adina made sure that we had rides to Indianapolis for a whole year. Just think about that. And then Eddie Kellams, we'd drive up and he'd fill our cars up full of gas. Just think, the people in the community did stuff for us. We had to draw attention. It was hard to get attention with a shirt that said French Lick and West Baden. And we need jobs. Well, we got crackers, anything orange, candy or anything, and oranges to pass out, and they looked forward, because they'd take a break and come out and see us. We wasn't buying a vote; we was drawing attention. There were days that they looked forward to us coming, and we looked forward to going there, too. Then I want to thank the Gaming Commissioners and Governor Mitch Daniels. I want to



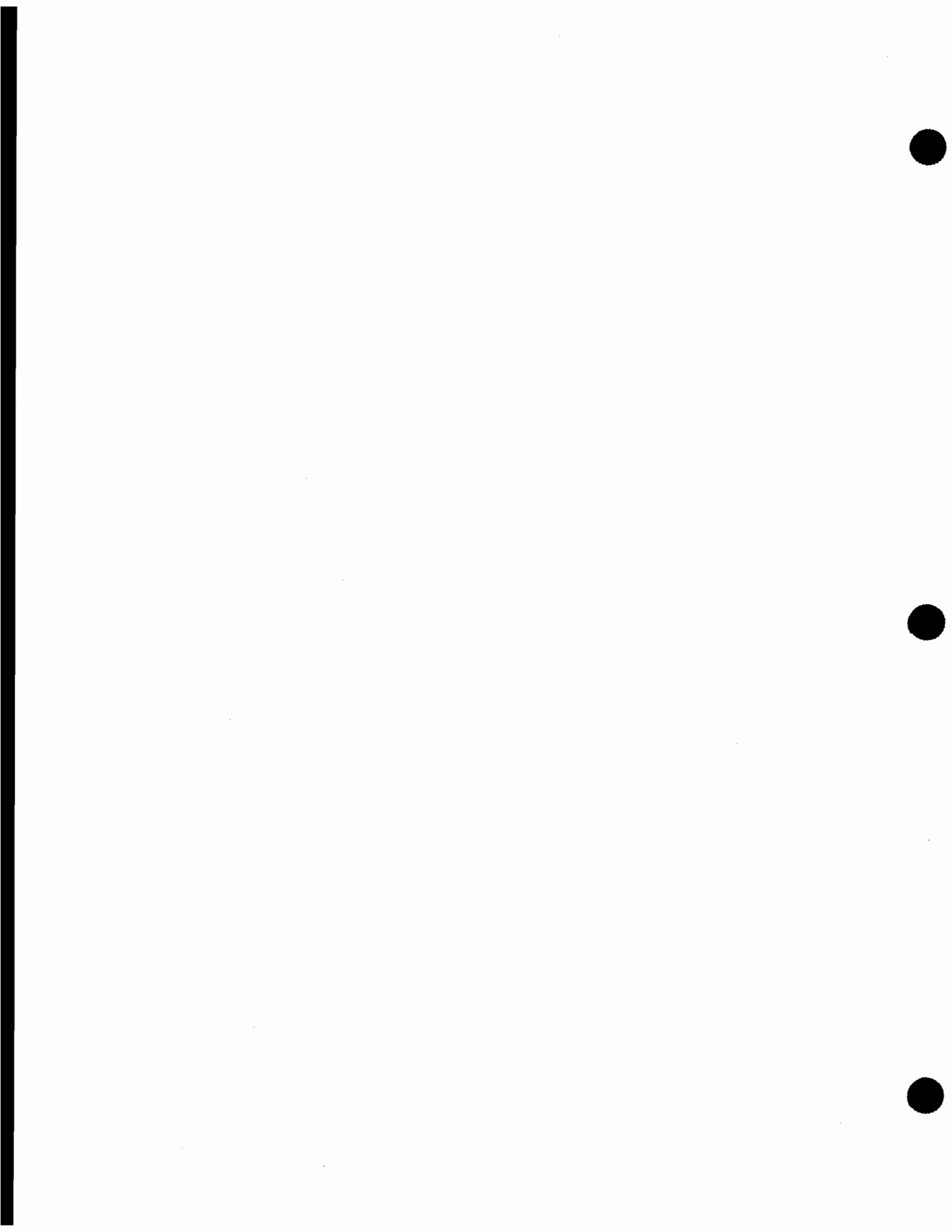
thank the State of Indiana and the senators and representatives from the State that helped make this possible. I've got to turn over; I've got notes. The two Town Boards. I want to thank the French Lick Town Board, Barry Winger and Marlene and Bill Ratliff, and Dave Harner, I couldn't leave him out, 'cause he's always there to fight the battles with us all. The West Baden Town Board. You know what? They're my relation and I'm half afraid of them, so I won't say much to them. They're a good Town Board, and we need them. I want to thank Benchmark and Majestic Star, and I'm glad we got these blue shirts. What is it? Blue Sky. There's a story to that, right, Steve Ferguson?

STEVE FERGUSON: Yes.

GENEVA STREET: There's a story to that, about the blue skies. Steve could tell you all about it. Was it a bankruptcy, Steve?

STEVE FERGUSON: (Inaudible) (Laugh)

GENEVA STREET: I want to thank Bill and Gayle Cook, 'cause they're like Santa. It's just like Christmas in July, I've said for years. Bill and Gayle Cook and Carl coming down here is like having Santa Claus around year round, and it used to be, when I was little, sometimes I'd get a gun or a doll, and now here we've got something to be with us forever. With Steve Ferguson and Connie and the Lauth Group, they're gonna make this possible. I've got two questions to ask, and one is



to Earnest Yelton. Earnest, are you gonna hand the license to the Cook and Lauth Group today? (Laugh)

EARNEST YELTON: This is not a question and answer period; this is a comment period. (Laugh)

GENEVA STREET: I can't hear. Are you gonna do it?

HAROLD CALLOWAY: This is a question - this is a comment period; not a question and answer session.

GENEVA STREET: The Gaming Commissioners will be doing that, won't they? Will they not be doing that today?

EARNEST YELTON: It will be explained shortly.

GENEVA STREET: And then I have one for someone from the State of Indiana. Are they here? Is anyone here from the State that can answer? If all the papers are in order and ready to be handed over to Cook and not slow this project down, for Lauth and Cook?

HAROLD CALLOWAY: That's going to be like the next thing on our agenda, as soon as we get through the public comments. (Laugh)

GENEVA STREET: How long is it gonna take? We want it tomorrow, today? We want it in a hurry. We've been slowed down for a year now. Do you understand, sir?

HAROLD CALLOWAY: We feel you. (Laugh)

GENEVA STREET: Thank you all, and I love you all. I'm not done. I'm not done. I got to thank Jack, for his two daughters speaking. Jack was like a brother to me. I didn't

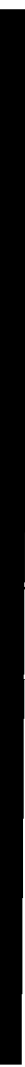


want to say nothing about him, because he was with us all the way through, and I can't hardly talk about it, and I haven't got over it yet, but he said it was a dream, it was his dream, and I wish he could see it happen. Thank you.

HAROLD CALLOWAY: Thank you very much. K.C. J-j-a-i-n. We've got to be short. I've been saying this. We're going to have to pull the plug if we don't hurry up.

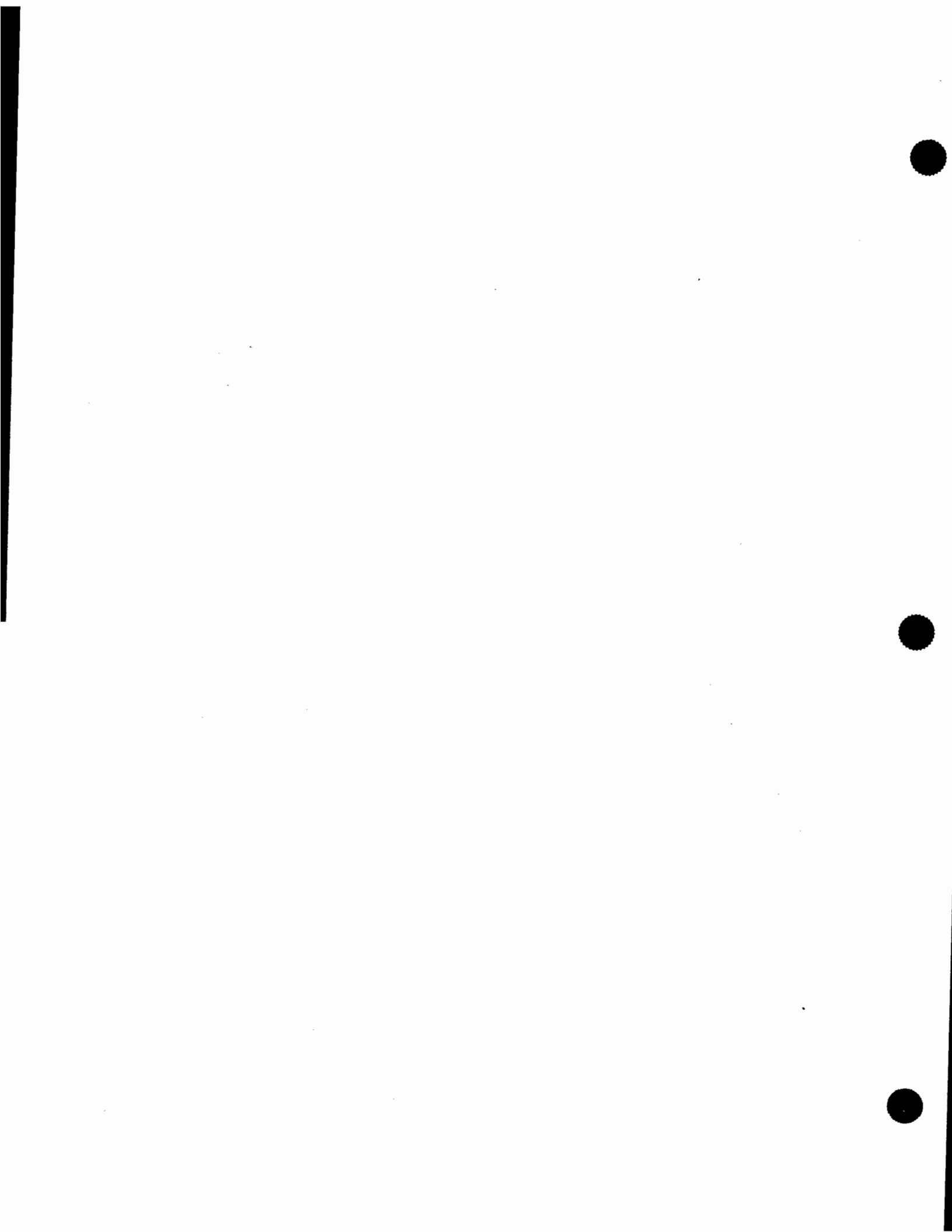
K.C. JAIN: I'm K.C. Jain. I'm an engineer from Evansville. I think this is a very good plan for the beautiful (inaudible) and I vote for it should be done. The only comment I have is a hundred fifteen point eight (115.8) million projection has been from not only for Orange County but also a hundred and fifty (150) to two hundred (200) mile radius. That's good. The only thing I comment is that they should have not only blue collar but white collar jobs also for up to a two hundred and fifty (250) miles radius. That should be part of the plan, too, along with the money getting from this two hundred fifty (250) mile radius. The other thing, I'm a businessman, so I talk about the golf courses. I play golf, though badly, but I would be more than happy to bring my clients here to play golf. I will stay here, too, but they have to spend their own money at night for the casino. (Laugh) But again, I think it should be commended, and thank you very much for your time.

HAROLD CALLOWAY: John Duncan from the local airport.

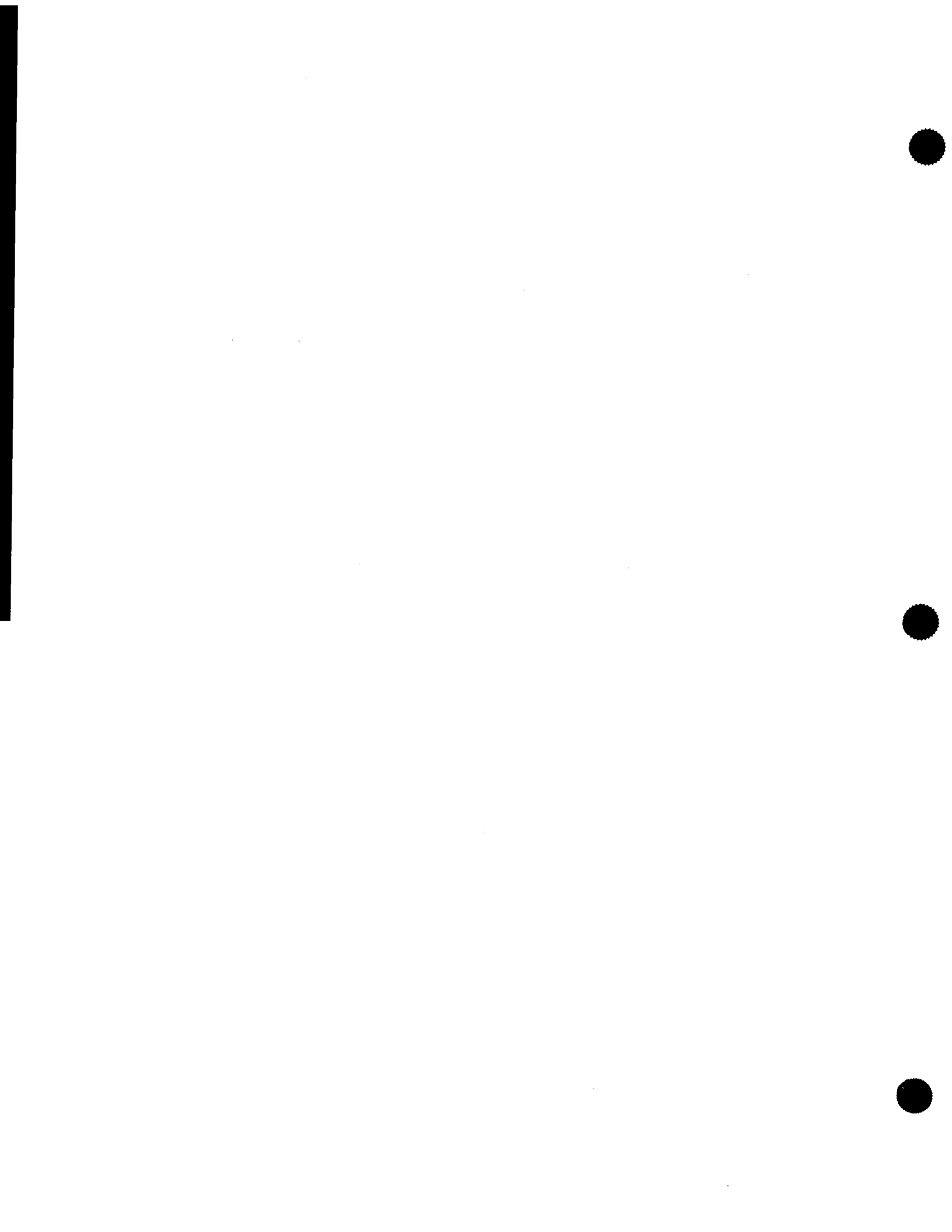


JOHN DUNCAN: Mr. Chairman and members of the Commission, I'm John M. Duncan. There's another John Duncan, or two, in town. I am the secretary of the French Lick Air Board. I'm also a lawyer and have my law offices here in French Lick. I would just like to mention and ask that the French Lick Airport has, that wasn't mentioned, to draw in potential gamers, and that is we have the longest and best runway on an uncontrolled field in southern Indiana. It's fifty-five hundred (5500) feet long and a hundred (100) feet wide. What we need, though, and we have every indication that once this gets started, we will have assistance from the appropriate funds that go in to add seven hundred (700) feet to the runway so we can bring in small jets, which, as you know, carry the high rollers. We also need a new terminal building. That one is pretty shabby, and we need a new roadway from 145 to the airport. Our county officials and the potential gaming operators have been supportive in our desires, so we're going ahead with our engineering estimates to obtain what these are, and we look forward to a lot of air traffic here in the future. Thank you.

HAROLD CALLOWAY: This will be our last speaker in this particular part of the program: John Cook. John Cook. Okay, I guess Mr. Cook is not here, so we're going to ask the Executive Director if he would bring the staff recommendation.



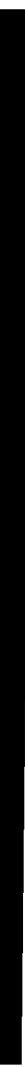
EARNEST YELTON: Thank you, Mr. Chair. Ladies and gentlemen of the Commission, I will report that since we announced the termination of negotiations with Trump Hotel and Casino Resorts on March 2nd, your Deputy Director, Chief Legal Counsel, and I have devoted our attention to this process on a daily basis, and although we were presented with only one single applicant, we have approached our analysis as though there were many. As late as two weeks ago, we met with the executive leadership of Blue Sky and expressed our final concerns we collectively had for their response to our renewed request for proposal. I am most pleased to announce and report that each and every one of those concerns have been resolved to our complete satisfaction. As a result, your staff unanimously recommends that you adopt the proposed Order which, in part and in effect reads: "The Indiana Gaming Commission, after issuing a request for proposal for a project in Orange County on April 6th, 2005, duly investigating Blue Sky, LLC and conducting public hearings in accordance with I.C. 4-33 et sec. hereby finds Blue Sky to be the most appropriate operating agent applicant with which to negotiate an operating agent contract for the project of Orange County, Indiana. Accordingly, the Commission names Blue Sky as the preferred applicant and conditionally awards an operating agent contract for a project in Orange County, Indiana to Blue Sky. (Applause) However, Geneva, even after executing this



Order, there will be certain conditions that must be fully satisfied before an operating agent contract can be entered into by the IGC and Blue Sky. I'll call upon our Chief Legal Counsel, Phil Sicuso, who will outline those conditions and explain them to you. Phil.

PHIL SICUSO: Members of the Commission, we first recommend that there be a IGC approved Management Agreement between Blue Sky Management Company and Majestic Star. Second, we recommend an IGC approved Management Agreement between Blue Sky and its resort management company, Benchmark. Third, Benchmark must submit and complete a completed application for suppliers license to the IGC. Fourth, a letter of intent or some other form of commitment from a lender to finance Blue Sky's proposed two hundred and thirty million dollars (\$230,000,000) of debt, along with an approval and blessing from Dr. Charlene Sullivan of the overall financing package. Fifth, there must be an executed Operating Agreement or Joint Venture Contract applicable to Blue Sky Resorts, LLC. Finally, Blue Sky, LLC must name a general manager for the casino, or at least identify a date certain, which is acceptable to the Commission, by which a general manager will be selected. Thank you.

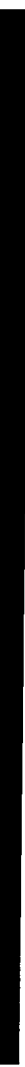
EARNEST YELTON: Members of the Commission, you may recall when I was negotiating the Operating Agent Contract with the Trump Organization that we inserted several conditions that



they must satisfy before we would execute the contract. Those conditions were inserted to assure Trump's fulfillment of this proposal and to assure that we would have a viable operation in Orange County. I want to assure you that those were different conditions than the ones that Mr. Sicuso just outlined. These conditions are primarily the result of our aggressive time line to get to where we are today. Rather than delay this meeting, it was the consensus of the Indiana Gaming Commission staff and Blue Sky not to continue the aware today but to enter into a conditional award and then dot the i's and cross the t's later. We anticipate that these events will occur all no later than August of this year. With that in mind, we would recommend adoption of the proposed Order, Mr. Chair.

HAROLD CALLOWAY: Thank you, Mr. Yelton. Do the Commissioners have any concerns or questions?

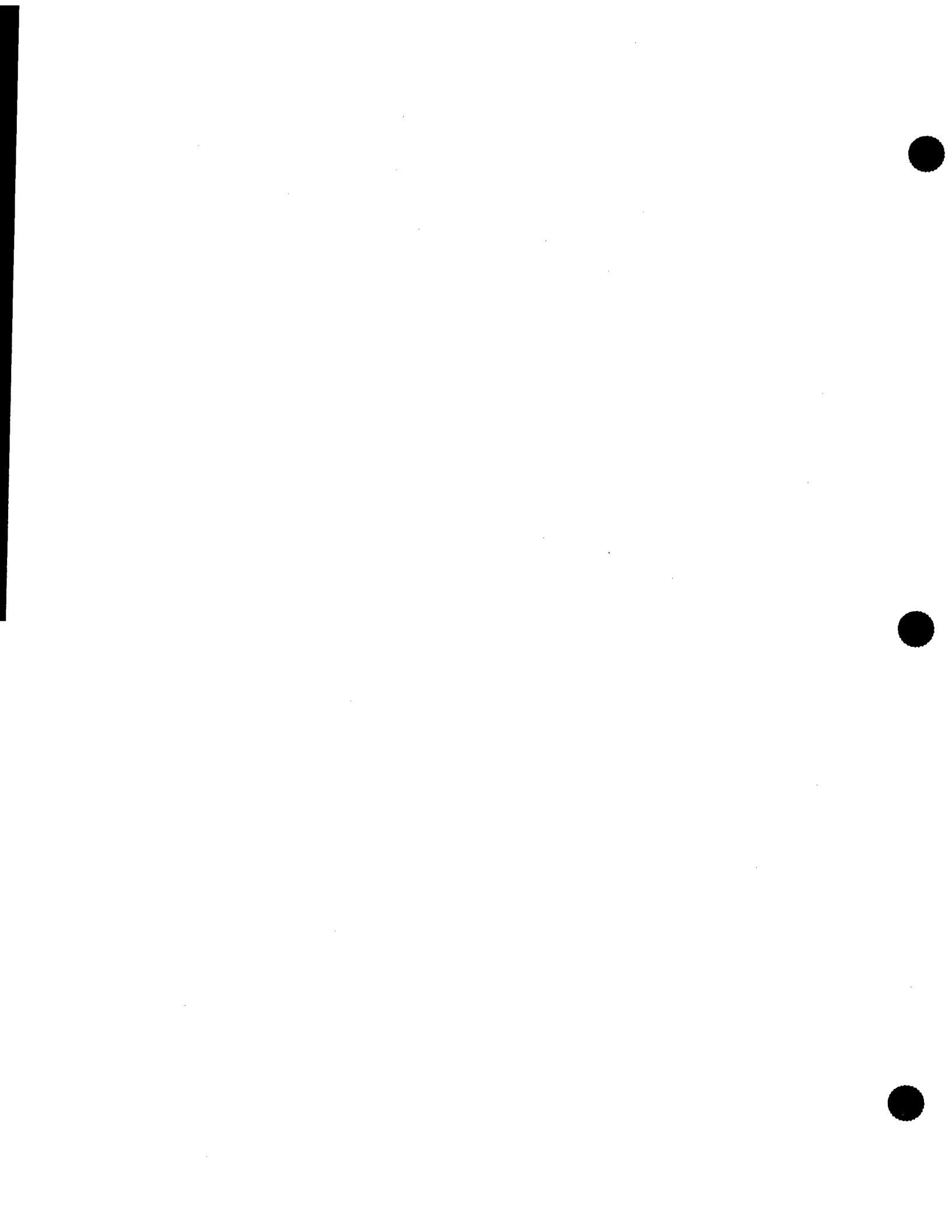
ANN BOCHNOWSKI: I think I heard some groans. This doesn't mean anything is going to be delayed here. It's just like little minor things, I think, from what I understand. It's interesting, we were here a year ago, and all of you have touched us so much by appearing for your community and your selflessness on behalf of your community. A year ago, we thought we were making your dreams come true. Apparently, that didn't happen. Today, hopefully today will be the beginning of the real dream.



DON VOWELS: A couple things in reference to the conditions that - and we haven't taken a vote on this. There is one applicant here. Their proposal is good, their projected revenues were sixty million (60,000,000) a year ago and a hundred and fifteen (115) now, and there has been not a very much of an answer of substance of why. It's more of a fluff answer. It doesn't make any difference. They told us, and my concern was that the projected revenues would be tied in with the completion of these projects. In reading the documents that we have, it appears to be so, but I heard on the record in front of all of this room, it's on tape and it's on video, that this project, regardless of whether the projected revenue is met or not, will be completed by the fall of 2007, so that waylays that concern. They made that statement here today in front of all these people and they're bound by it. The other concern I have is the marketing aspect, that this seventy-nine percent (79%) of their projected revenue is going to come from day tripper revenue. I think that win average is optimistic, but again, this, on one hand, is a no brainer because there's one applicant. My only concern here is how all of this is falling together since that December meeting in Rising Sun where the Governor Elect decided to step in, unlike any other governors, and I asked the question about political contributions and I really didn't get an answer. I don't have any basis to believe anything otherwise. If what I was



eluding to would ever come true, all hell will break loose and there will be big problems for everybody on this panel and everybody concerned, so I am optimistic that my cynicism is unfounded. With that in mind, this is a no brainer. With Mr. Barden involved in this project, I feel a lot more comfortable. We've dealt with real estate developers in the past who had no gaming experience or didn't line up with anyone with gaming experience and it caused real problems. The moans in the room about the conditions and what Director Yelton said that all the i's will be dotted and all the t's will be crossed by August, at the latest, Blue Sky has known that they're the only applicant. These documents should have been forwarded to the Gaming Commission prior to today's date, should have been able to review any contracts between Blue Sky and Majestic Star. We should have been able to review any contracts between Blue Sky and Benchmark. I don't know anything about Benchmark. I found these flyers out front. The first time I knew anything about Benchmark was when I saw Burt Cabanas' picture in here as Chairman and Chief Executive Officer. His name was mentioned once in the presentation today. It concerns me about Majestic Star's involvement in this. I want Majestic Star to be involved in this for a long time. I've not seen anything in here that makes me feel good about what's going on, that it might be a situation where Majestic Star's brain is going to be picked, and we haven't



seen any contract and it's tied with unrealistic projected revenues that Majestic Star may not be around a long time. If Benchmark is going to be running the show, the hotels, I don't know that they have any casino experience. Mr. Barden's involvement and Majestic Star's involvement was about the best move that they could make, as far as in my mind. I've dealt with Mr. Barden since 1994. He knows what he's doing, his company knows what they're doing. They'll be a big plus here in French Lick, and I certainly hope that whatever the conditions of the contract are, that Majestic Star will stay. With all those caveats, and I know that we've heard a lot of hyperbole and fluffing, and we take all that with a grain of salt. Hopefully, marketing will be more nationwide and regional than what we've heard here today. Last year, when the president of Coast Casinos announced that this was going to be a locals only casino, that was the death for that company, and this is not going to be a locals only casino, and we will keep an eye on the marketing aspect. With all of that in mind, my intention is to vote for this. It is a no brainer. Hopefully, none of my fears that I stated will ever come true. Anyway, that's all I have to say, but I intend to vote for it.

ANN BOCHNOWSKI: I think that Don makes some really good points, and I hope that everybody here understands. Based on a year ago, your presentation, and today's presentation,



you've gotten an idea of what the Legislation is about and what the dream of this community is. These people are wonderful people. All I want is for you to make this happen for them. (Inaudible - applause) They've been let down before; don't let them down.

HAROLD CALLOWAY: Any other comments? If not, the Chair will entertain a motion to approve the Order.

MARYA ROSE: Mr. Chairman, I'll move that we approve the Order, subject to the conditions outlined by counsel.

HAROLD CALLOWAY: Do I have a second?

TIM FESKO: Second.

HAROLD CALLOWAY: Been moved and seconded. We'll have a roll call vote on this one. Don Vowels.

DON VOWELS: Aye.

HAROLD CALLOWAY: Bryan Robinson.

BRYAN ROBINSON: Aye.

HAROLD CALLOWAY: Marya Rose.

MARYA ROSE: Aye.

HAROLD CALLOWAY: Ann Bochnowski.

ANN BOCHNOWSKI: Aye.

HAROLD CALLOWAY: Tim Fesko.

TIM FESKO: Aye.

HAROLD CALLOWAY: The Chair votes aye. The Order is carried.

(Applause) **EARNEST YELTON:** Ladies and gentlemen, the session is not quite over. There is one further matter, Mr. Chair.



As was done before, since we are hopeful to have an agreed Operating Agent's Contract before our next scheduled session, I am respectfully requesting the Commission's action on Resolution 2004 - excuse me - 2005-44. This resolution will empower the Executive Director to directly negotiate the remaining conditions and terms with Blue Sky, LLC, and then upon accomplishing that, upon concurrence of the Executive Director, the Chair, and Vice Chair, execute the Contract. I would respectfully request your favorable consideration of this resolution.

HAROLD CALLOWAY: What's the number?

EARNEST YELTON: 2005-44.

HAROLD CALLOWAY: Can we get a motion to approve Resolution 2005-4? 2005-44.

MARYA ROSE: I'm trying to find it. I'll move the resolution.

HAROLD CALLOWAY: Do I have a second?

BRYAN ROBINSON: I'll second it.

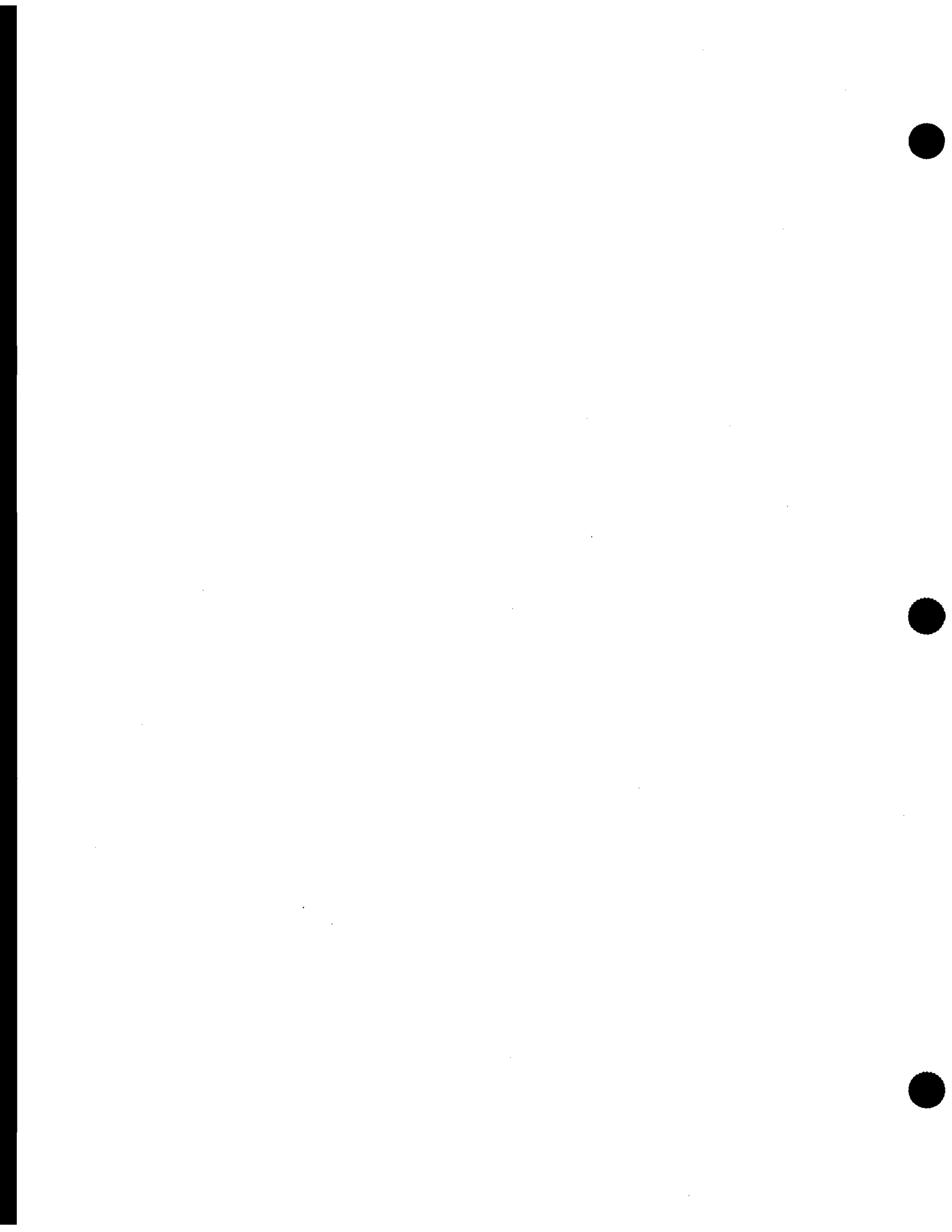
HAROLD CALLOWAY: All those in favor let me know by the vote and sound of aye.

ALL COMMISSIONERS: Aye.

HAROLD CALLOWAY: Those opposed? Ayes have it. It is carried. Anything else?

EARNEST YELTON: No.

HAROLD CALLOWAY: My closing remarks. I want to offer congratulations to Blue Sky and to the citizens of Orange



County who worked for many years to bring this project to fruition. The staff is now charged with negotiating and executing the Operating Agent's Contract. It will be Blue Sky's responsibility to submit all contracts, financing documents, and other information deemed necessary by the staff in a timely manner so that the Commission can accomplish its goals of signing this contract in an expeditious manner. I know I speak for all members of the Commission when I say that we look forward to visiting French Lick again when it is time for the casino to open. The public hearing is now adjourned.

PUBLIC HEARING CONCLUDED.

BUSINESS MEETING CALLED TO ORDER AT 1:55 P.M. ON JUNE 23, 2005

HAROLD CALLOWAY: I'd like to call the Business Meeting of the Indiana Gaming Commission to order, and would like to acknowledge that all of the Commissioners are present. We need a motion to approve the minutes of the previous meeting.

DON VOWELS: I'll move to approve the minutes.

BRYAN ROBINSON: I'll second.

HAROLD CALLOWAY: Move and second. All those in favor let me know by the vote and sound of aye.

ALL COMMISSIONERS: Aye.

HAROLD CALLOWAY: Those opposed. Ayes have it and it is carried. Report from my Executive Director.

EARNEST YELTON: Thank you, Mr. Chair. First, we'll have a report on waivers. The Executive staff has executed six



waivers since our last meeting. This is only for reporting purposes. First of all, all riverboat operators were granted a waiver of the rule requiring periodic reading and reporting of mechanical meters on gaming devices, now that electronic meters are required. A similar waiver had been previously granted. However, duplicate regulation was found by - was discovered by Trump, who requested the waiver. Secondly, Belterra was granted a waiver to allow for the ability to cash checks issued by Belterra to nonlocal entertainers and entertainment groups, since the local banks would not cash checks for persons who do not have accounts at their banks. Third, Blue Chip was granted a waiver allowing occupational licensees to redeem chips or tokens at one window on land which would allow nongaming licensees who are not allowed to board the vessel to redeem their tips. Caesar's was granted a waiver allowing Security instead of the main bank to retain found cash or cash equivalents. Caesar's was also granted a waiver allowing subtraction of Easy Pay tickets included in the drop from cash reserve calculation, since they had already been paid to the guests. Finally, Resorts was granted a temporary waiver of requirements for manual table fills, credits, and EGG jackpot slips to allow for the use of noncontinuous forms for a period of two weeks or until the correct forms are received by the printer. Again, the Waiver Statement and Summaries are notification rather than action.



Next, I will go into our legislative report. On May 26th, Jenny Arnold and Phil Sicuso, and I attended the signing ceremony for Senate Act 626 in the Governor's office. As reported at our last meeting, this legislation addressed three points. First, the residence requirements for the Commission members was lessened to require a geographic restriction for two commissioners rather than six. This section was effective upon signing, and it does not affect any existing members, nor their terms. Second, the necessary - if necessary, the Commission can now turn to third part vendors to issue certificates of inspection so the United States Coast Guard discontinue its service. Additionally, should we decide to do so, we would create our own marine safety and structural standards. However, I assure legislators that that power would only be exercised if there were no other viable alternatives. Finally, the concept of gaming agents replacing Indiana State Police for investigatory and enforcement functions becomes law on July 1st. We have constructed an organization chart and a pay matrix for these positions, and we've met with the command officers of the Indiana State Police to craft a transition methodology and time line. The four executive level positions have been interviewed, screened, and selected. They will come on board July 6th. Additionally, House Bill 1220 required us to study alternative methods of gaming. We've learned that one purpose of this



session was for us to conduct an indepth study and examination of the Kenworth Corporation proposed Roulett concept, which is a two simulcast live Roulett game on one of the riverboats and broadcast it in another jurisdiction. The Office of Management and Budget has partnered with us, and that project report is due on October 1st. I need to report that next Wednesday or Thursday, I don't have my calendar, I will be meeting with the President Protem of the Senate to see if there are any other assignments for us to do under House Bill 1120. An update on our Rule project. I have appointed our Rule Revision Committee. It will be chaired by Phil Sicuso with members Jenny (inaudible), Susan Brodnan, Leanne Bailey, and Andrew Klinger. The Committee has met and designated the first four articles to be addressed in the project. They are Article 5, Transfer of Ownership; 11, Internal Control Procedures; 12, Security and Surveillance, and 15, Accounting Records and Procedures. The Committee predicts that the entire project will hopefully be completed by the first quarter of 2007. The Records Management and Retention Schedule Committee has completed its final draft of Phase I of the schedule. It identifies thirteen (13) separate documents, most of which can be destroyed or microfilmed and transferred out. The Committee is working closely with Ms. Amy Robinson of the Indiana Commission of Public Records who has authorized the destruction of duplicate documents. While we await final



approval of the full schedule, which will free up space for our gaming agents, we have thus far found two hundred and nine (209) boxes containing duplicate documents. We expect Phase I to be approved and the process initiated in the very near future. This afternoon, I'd like to introduce two new additions to the IGC staff. First is Andrew Klinger. Andrew, stand, please. Andrew joins our legal team - excuse me, replacing Kathryn Hood, who left us in April due to her marriage. Andrew is a graduate from IU Law School and hails from Fort Wayne. We've been very impressed with Andrew's work ethic and his willingness to tackle Kathryn's responsibilities with extreme professionalism. Thank you, Andrew. Next we have John Lozer. John is our first intern from the Governor's Summer Internship Program. John just finished his freshman year at Yale, and he's home this summer with his parents in Carmel. John's major assignment is to prepare the first draft of our Annual Report to the Governor, which is well underway. Thank you, John. On June 9th, Governor Daniels transferred the Indiana Department of Gaming Research from the office of the Indiana Criminal Justice Institute to the Indiana Gaming Commission. We welcome Deputy Director Vickie Loveless, who is not with us today, and her intern, Dan Becker... Dan... into our fold. Although the Governor has ordered that they report directly to me, any study will be conducted independently, unless you would require and ask for our



assistance. Mr. Chair, that concludes the Executive Director's report for this meeting.

HAROLD CALLOWAY: Any questions?

DON VOWELS: Just real quick. The change in the law of the Gaming Commission, did you say it's just two that don't have to be from Ohio River or Lake Michigan County?

EARNEST YELTON: Yes, under 626, effective at the signing ceremony, or actually, before that, one individual has to be from a county that abuts Lake Michigan; one has to be from a county that abuts the Ohio River.

DON VOWELS: So the other five --

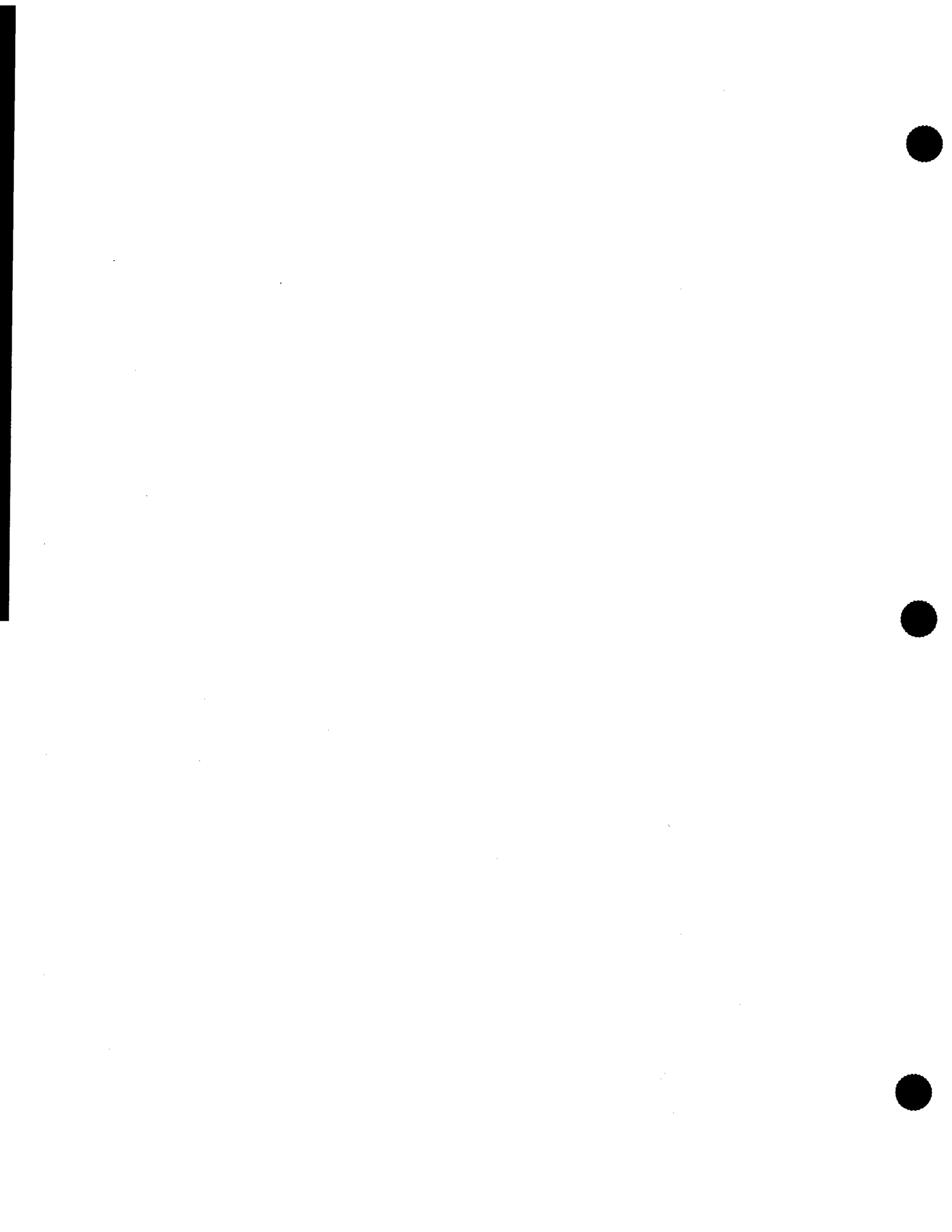
EARNEST YELTON: The other five can come from any other county. It does not affect the occupational requirements. We still must have a lawyer, we must still have a law enforcement agent and must have a CPA.

HAROLD CALLOWAY: Thank you. Are there any old business?

EARNEST YELTON: No, Mr. Chair, there is not.

HAROLD CALLOWAY: Moving on to new business, Ernie.

EARNEST YELTON: Yes, sir. First, before you is a Delegation of Authority Resolution Number 2005-28. We've been informed by Blue Chip that it has decided to change its operational name. The only obstacle is they do not know what the new title is going to be yet. Previously, you approved Caesar's transformation from RDI Caesar's to Caesar's without any investigation. Blue Chip believes that this change will be



ripe between this meeting and the next meeting. In order that it may timely amend its logo and chips, they're asking for authority to approve the name change in the interim of the meetings. There are, however, conditions. Assurances must be made that there will be no change or transfer of ownership interest, corporate structure, corporate officers or directors. Further, that all statutes and regulations regarding chips, tokens, and lay outs be complied with. Therefore, we submit to you Resolution 2005-28 for your action. This resolution authorizes the Executive Director to approve name changes in this case and other similar situations which may arise in the future. Also by doing this, they would be able to utilize the new name and the new chips and the logos when they introduce their new boat, which I believe is scheduled for December of this year.

HAROLD CALLOWAY: Any questions on Resolution 2005-28? If not, the Chair will entertain a motion to approve the Resolution as printed.

DON VOWELS: I'll move to approve.

HAROLD CALLOWAY: It's been moved. Can I get a second?

TIM FESKO: Second.

HAROLD CALLOWAY: It's been moved and seconded. All those in favor, let me know by the vote and sound of aye.

ALL COMMISSIONERS: Aye.

HAROLD CALLOWAY: Those opposed. The ayes have it. It is



carried.

EARNEST YELTON: Further, you have before you Resolution 2005-43. Pinnacle has instituted a declaratory judgment action regarding Mr. Hubbard's desire to exercise stock options and the City of East Chicago has sued us to set aside our transfer of license from Harris to Resorts. Unfortunately, litigation does not necessarily respect the calendar of the Commission meetings. In fact, a settlement conference for the Pinnacle suit was conducted in the Southern District of Indiana Federal Court on Tuesday, and it's not a good thing to do to go to a Federal Court settlement conference without authority to settle. We believe that it's necessary to delegate the authority to negotiate settlement in lawsuits when that opportunity arises. We believe the general empowerment of the Executive Director allows him or her to do so; however, we would like to have specific authority. Naturally, no case can ultimately be settled without final approval or authority of the Governor and Attorney General, and Resolution 43 would empower the Executive Director to enter into settlement agreements on behalf of the Commission when it is deemed in its best interest. I request its passage.

HAROLD CALLOWAY: You heard the definition of Resolution 2005-43. Are there questions? If not, the Chair will entertain a motion to approve the resolution.

BRYAN ROBINSON: I'll move to approve it.



HAROLD CALLOWAY: Bryan. Need a second.

ANN BOCHNOWSKI: Second.

HAROLD CALLOWAY: Moved and seconded. All those in favor let me know by the vote and sound of aye.

ALL COMMISSIONERS: Aye.

HAROLD CALLOWAY: Those opposed? Ayes have it. It's carried.

EARNEST YELTON: Thank you, Mr. Chair. Previously, the Commission entered into a contract with outside counsel to serve as Administrative Law Judge when the need arose. Our last ALJ was Judge Rimstadt who was compensated with an hourly rate of one hundred and fifty dollars (\$150). Governor Daniels has requested agencies to utilize the Attorney General's Office to provide these services. We reached an agreement with it to serve in that capacity through a Memorandum of Understanding at a rate of seventy-five dollars (\$75) per hour for a term of one year. We are presenting you with an Order authorizing the AGO to act as our ALJ, ASAP.

(Laugh)

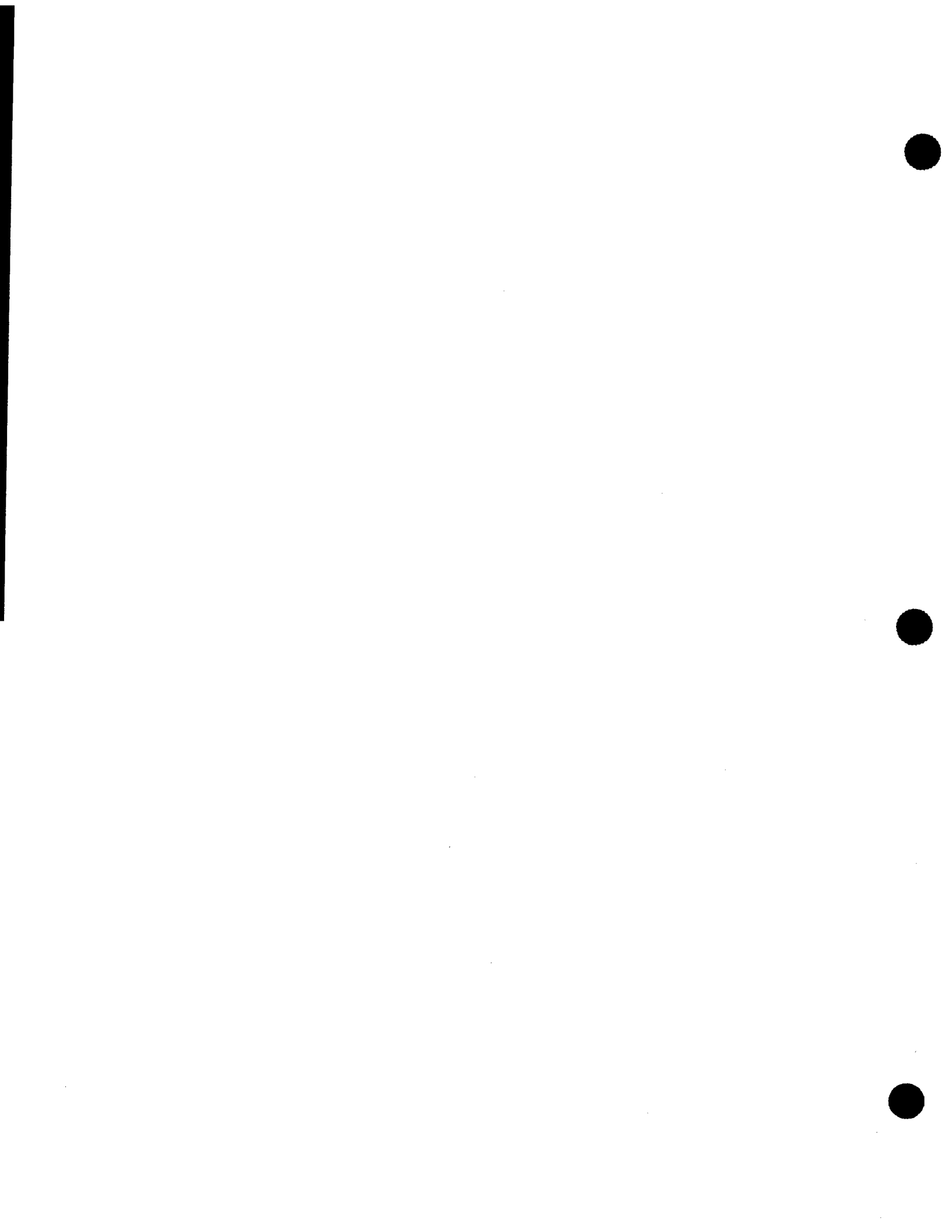
DON VOWELS: Y-e-s.

HAROLD CALLOWAY: You heard the report from the Executive Director. What's your pleasure?

DON VOWELS: I'll move.

BRYAN ROBINSON: I'll second.

HAROLD CALLOWAY: Move by Don, seconded by Bryan. All those in favor let me know by the vote and sound of aye.



ALL COMMISSIONERS: Aye.

HAROLD CALLOWAY: Those opposed. The ayes have it and it is carried.

EARNEST YELTON: Thank you, Mr. Chairman. The next agenda item is the adoption of MBE and WBE goals. Mr. Chair, members of the Commission, I request that this agenda item be continued until the next meeting. Your staff would appreciate the opportunity for additional time to consider the feasibility of conducting an Independent Minority and Women's Business Enterprise Utilization Study specific to the gaming industry in the state of Indiana. In the interim, we will maintain our goal of ten percent (10%) minority and five percent (5%) women until we can determine whether the new State goals are too high or whether they are too low for our industry.

HAROLD CALLOWAY: You heard the report on MBE/WBE goals for 2005. What's your pleasure?

BRYAN ROBINSON: I'll move to...

EARNEST YELTON: It just needs to be withdrawn from the docket.

BRYAN ROBINSON: I'll move to withdraw.

HAROLD CALLOWAY: Need a second.

MARYA ROSE: Second.

HAROLD CALLOWAY: It's been moved that we will withdraw the MBE/WBE from the agenda from today. All those in favor let me



know by the vote and sound of aye.

ALL COMMISSIONERS: Aye.

HAROLD CALLOWAY: Those opposed. Ayes have it; it is carried.

EARNEST YELTON: Thank you, Mr. Chair and members of the Committee.

HAROLD CALLOWAY: Name game approval, is that one still on?

EARNEST YELTON: No, that goes to... (Inaudible)

HAROLD CALLOWAY: New game approval. Leanne Bailey.

LEANNE BAILEY: You have before you for approval Resolution 2005-30 regarding the game of Double Win Poker. The game of Double Win Poker was approved in 2004. The Commission granted conditional approval of that game for a period of six months. Majestic Star sponsored that game, but Majestic Star has indicated in writing that it has removed the game from its casino floor due to the game's poor performance. Double Win Poker, Incorporated has indicated in writing that they are no probabilities for future interest in this game and that it wishes to withdraw its request for approval. Commission staff recommends that you grant that request.

HAROLD CALLOWAY: You heard the recommendation from the staff. What's your pleasure?

MARYA ROSE: I'll move to approve the resolution to withdraw the request. (Laugh)

BRYAN ROBINSON: Second.

LEANNE BAILEY: Approve the request to withdraw the approval.



(Laugh)

HAROLD CALLOWAY: It's been moved and seconded. All those in favor let me know by the vote and sound of aye.

ALL COMMISSIONERS: Aye.

HAROLD CALLOWAY: Those opposed. Ayes have it; it is carried. Occupational license manners. Leanne.

LEANNE BAILEY: I still have one more game, Mr. Chair.

HAROLD CALLOWAY: Sorry.

LEANNE BAILEY: You have before you for approval Resolution 2005-31 regarding the game 2-2-1. Prime Table Games submitted the game of 2-2-1 for approval in 2004 and the Commission granted conditional approval of the game for a period of six months. Caesars Indiana sponsored the game, but since then Caesars has indicated in writing that it has removed the game from the casino floor due to low player popularity and the game's slow pace. Prime Table Games has indicated in writing that there are no probabilities for future interest for the game and that it wishes to withdraw its request for approval. Commission staff recommends that you grant that request.

HAROLD CALLOWAY: You heard the report from the staff on Resolution 2005-31. Can we get a motion to that effect?

ANN BOCHNOWSKI: I move that we approve the withdrawal.

HAROLD CALLOWAY: Second?

TIM FESKO: Second.

HAROLD CALLOWAY: It's been moved and seconded. All those in



favor let me know by the vote and sound of aye.

ALL COMMISSIONERS: Aye.

HAROLD CALLOWAY: Those opposed. Ayes have it; it is carried.
Leanne.

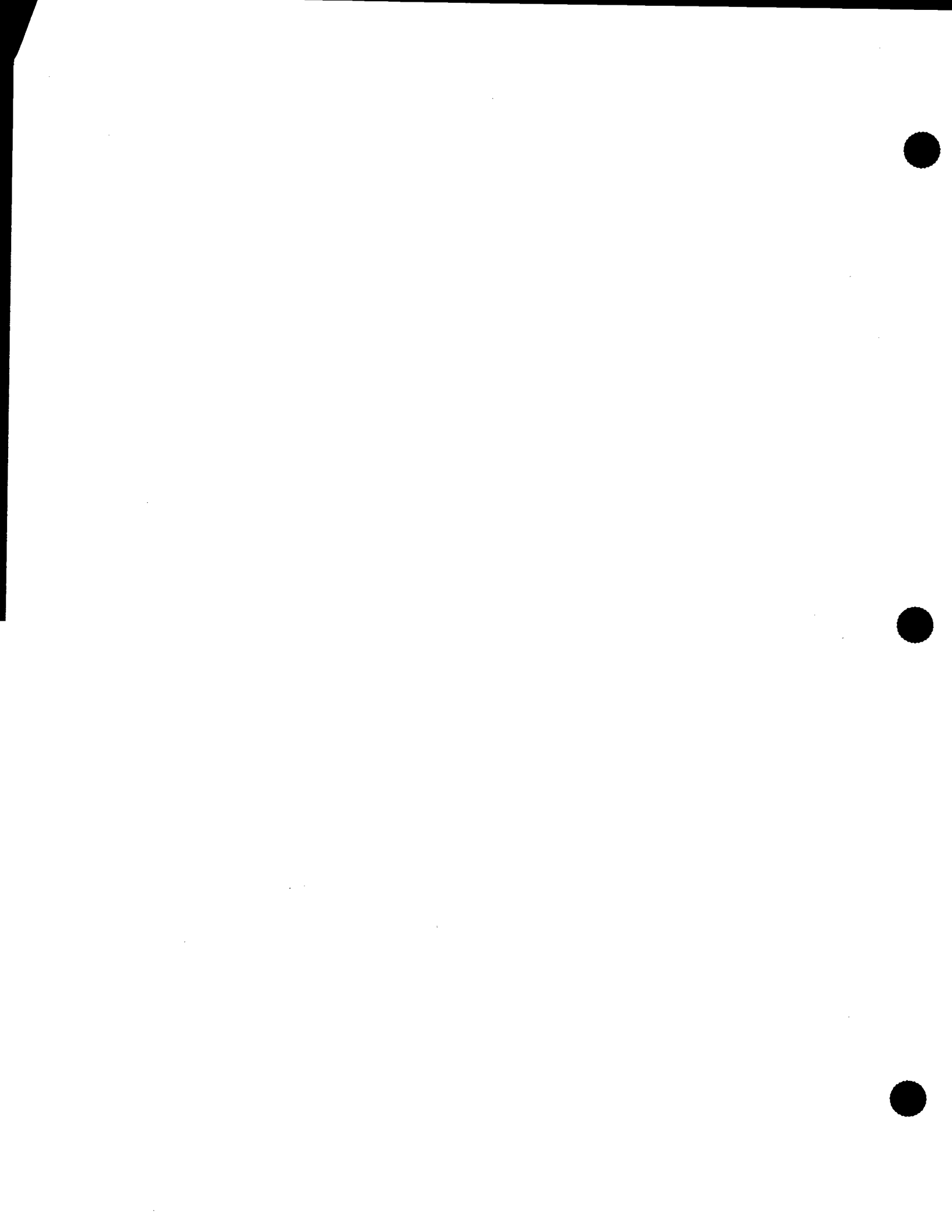
LEANNE BAILEY: This is the occupational licensing matter. On or about April 4th, 2005, Ms. Sonja Vera submitted an application for a level 2 occupational license to work for Trump Casino as a dealer. Ms. Vera disclosed a felony conviction for delivery of cocaine in 1987. Based upon this information, the Commission denied her application for an occupational license. Ms. Vera then filed a request for a felony waiver on or about April 4th, 2005, requesting a waiver of her felony disqualification pursuant to Indiana Code 4-33-8-11 and 68 IAC 2-4, and on May 24th, 2005 a review hearing was conducted in which I was the Review Officer. You've had the opportunity to read the Findings of Fact and the recommendation, and it is my opinion as the Review Officer that Ms. Vera met her burden of proving her rehabilitation by clear and convincing evidence, and therefore, Ms. Vera's request for a felony waiver should be granted.

HAROLD CALLOWAY: You heard the recommendation of staff regarding Sonja Vera. What's your pleasure?

DON VOWELS: I'll move to adopt the recommendation.

MARYA ROSE: I'll second.

HAROLD CALLOWAY: It's been moved and seconded. All those in

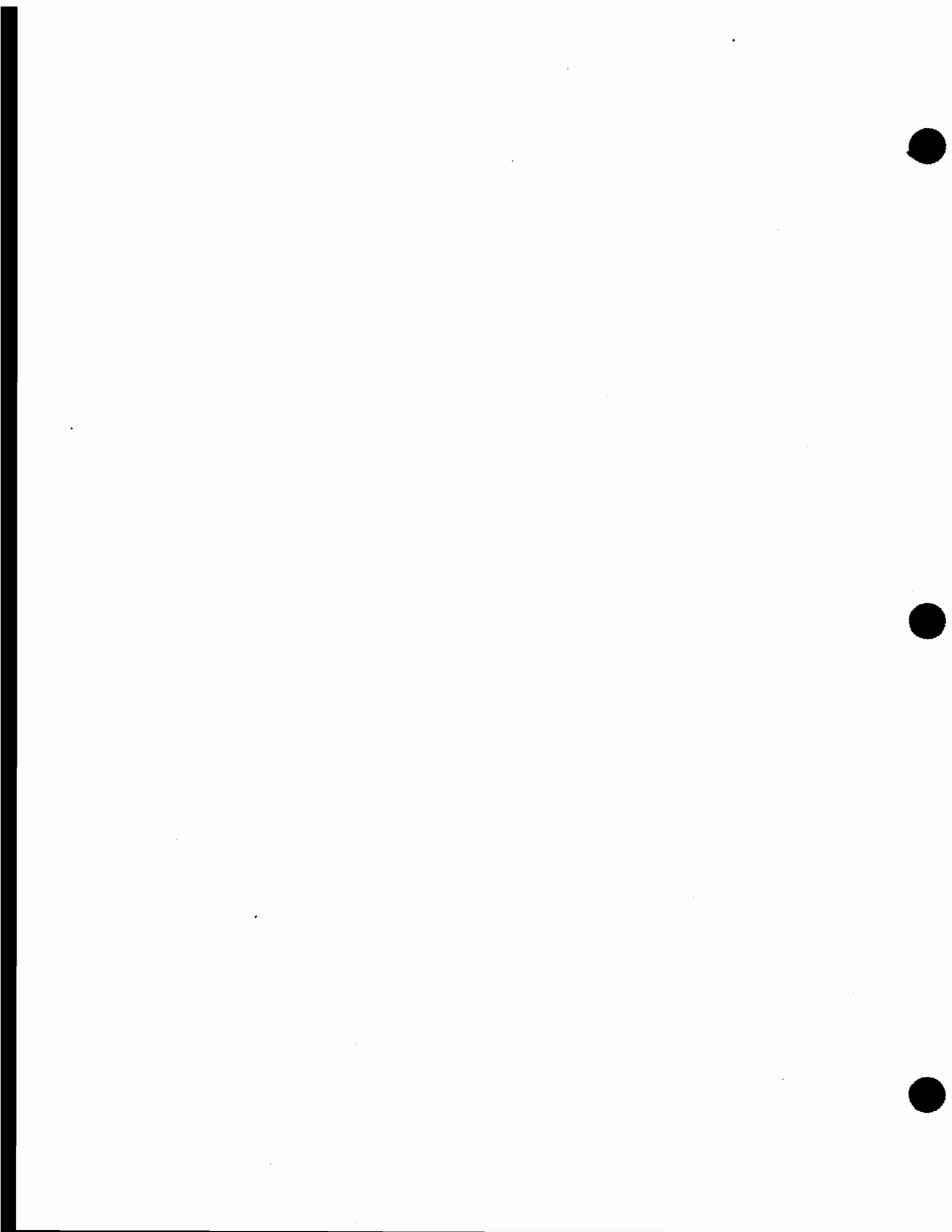


favor let me know by the vote and sound of aye.

ALL COMMISSIONERS: Aye.

HAROLD CALLOWAY: Those opposed. Ayes have it; it is carried.

LEANNE BAILEY: You have before you an issue regarding Gary Johnson. On or about May 26th, 2005 Gary Johnson submitted an application for a temporary level 1 occupational license to work at Resorts East Chicago as a captain. During the application process Mr. Johnson disclosed an arrest from 1972 relating to illegal drugs that could be in direct conflict with 68 IAC 2-3-5(c)(10). Therefore, on or about May 27th, 2005, Mr. Johnson requested a waiver pursuant to 68 IAC 2-3-12. Commission staff has recommended a waiver contingent upon the completion of a complete background check and entered into a waiver agreement with Mr. Johnson stating as much. Mr. Johnson was issued a temporary occupational license on May 27th, 2005 pursuant to this agreement, pending Commission approval. Pursuant to that waiver agreement signed by Mr. Johnson, the Commission has the following options regarding his waiver request. One, you can accept the recommendation of staff and grant the waiver. Two, you can accept the recommendation, grant the waiver with additional or different conditions. Three, you can direct Commission staff to take additional or different action, or four, you can reject the recommendation of staff and deny the waiver request. Commission staff recommends that the Commission grant Mr.



Johnson's waiver request pursuant to the conditions outlined.

HAROLD CALLOWAY: You heard the staff's recommendation on Gary Johnson's waiver request. What's your pleasure?

DON VOWELS: I'll move that we accept the recommendation of Commission staff and grant the waiver upon the conditions outlined by Ms. Bailey.

BRYAN ROBINSON: I'll second it.

HAROLD CALLOWAY: It's been moved and seconded. All those in favor let me know by the vote and sound of aye.

ALL COMMISSIONERS: Aye.

HAROLD CALLOWAY: Those opposed. Ayes have it; it is carried. Michelle Marsden, supply license matters.

MICHELLE MARSDEN: Good afternoon. Resolution 2005-32 concerns the renewal of supplier licensees Gemaco, Inc., Atronic Americas, LLC, Osborne Coinage Company, and Gaming Partners International USA. The Commission has received the annual renewal fees for these supplier licensees and they are all in good standing with the Commission. You will need to grant or deny the renewals of the above mentioned suppliers.

HAROLD CALLOWAY: You heard the recommendation of the staff regarding Resolution 2005-33 (sic). What's your pleasure?

DON VOWELS: I'll move to grant.

BRYAN ROBINSON: I'll second.

HAROLD CALLOWAY: It's been moved and seconded. All those in favor let me know by the vote and sound of aye.



ALL COMMISSIONERS: Aye.

HAROLD CALLOWAY: Those opposed. Ayes have it; it is carried.

MICHELLE MARSDEN: Resolution 2005-33 concerns the granting of a permanent supplier's license to Riverboat Services, Inc. The background investigation has been completed and Riverboat Services, Inc. has been found suitable to receive a permanent supplier's license. You will need to grant or deny a supplier's license to Riverboat Services, Inc.

HAROLD CALLOWAY: What was the resolution number?

MICHELLE MARSDEN: 2005-33.

HAROLD CALLOWAY: You heard the staff recommendation on 2005-33.

TIM FESKO: I move that we approve the staff recommendation.

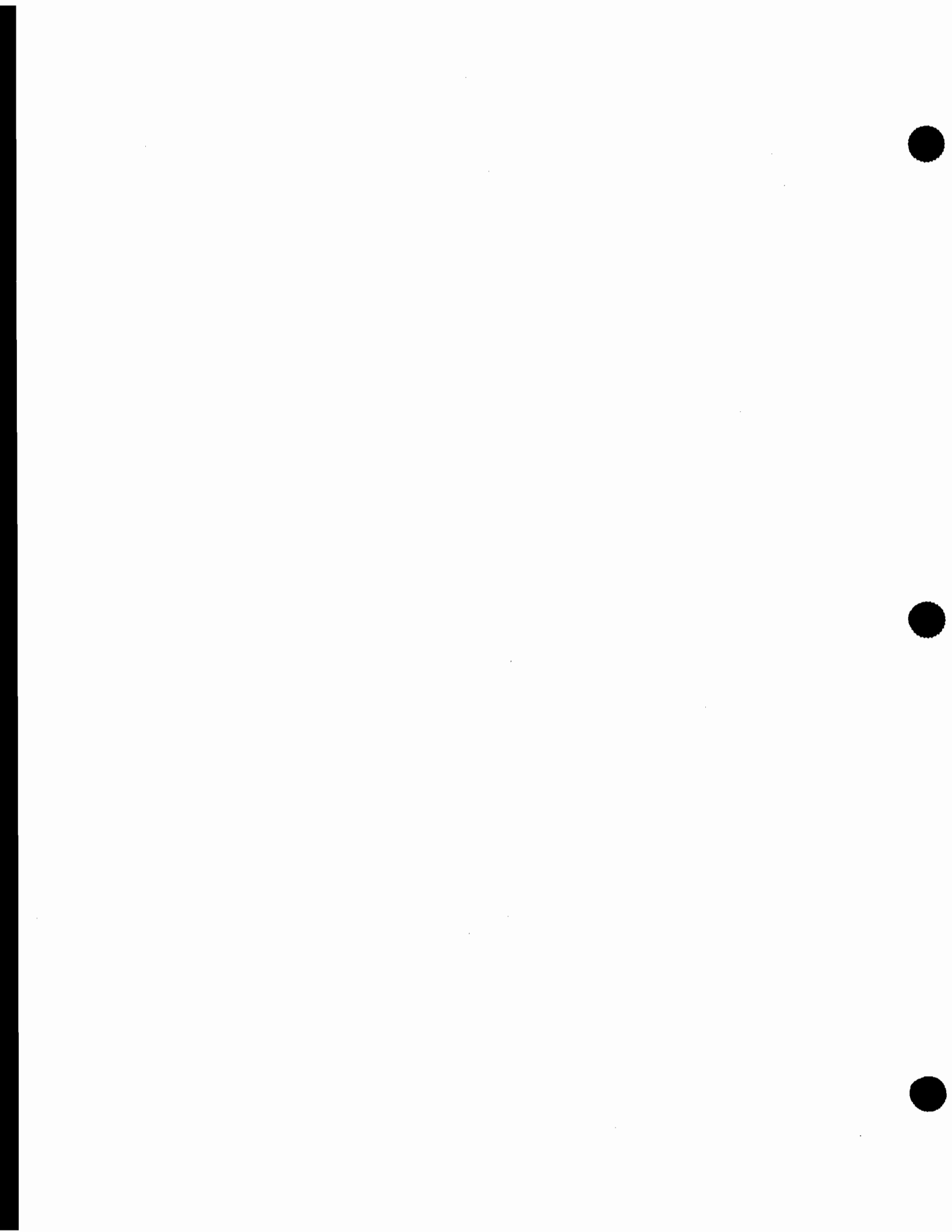
BRYAN ROBINSON: Second.

HAROLD CALLOWAY: It's been moved and seconded. All those in favor let me know by the vote and sound of aye.

ALL COMMISSIONERS: Aye.

HAROLD CALLOWAY: Those opposed. Ayes have it; it is carried.

MICHELLE MARSDEN: Resolution 2005-34 concerns the granting of a permanent supplier's license to NRT Technology Corporation, Cummins-Allison Corporation, and G&D. Temporary supplier's licenses were issued pursuant to Resolution 2004-15, 2004-43, and 2005-11 respectively. The background investigations have



been completed on the above mentioned temporary suppliers and they have been found suitable to receive a permanent supplier's license. You will need to grant or deny the supplier's licenses to the above mentioned suppliers.

MARYA ROSE: Mr. Chairman, may I make a statement?

HAROLD CALLOWAY: Yes, ma'am.

MARYA ROSE: I just want on the record that Cummins-Allison Corporation is not affiliated in any way with Cummins, Inc., the company for which I am employed.

HAROLD CALLOWAY: Thank you. Resolution 2005-34, you heard the recommendation of the staff. What's your pleasure?

DON VOWELS: I move to grant the permanent supplier's licenses.

BRYAN ROBINSON: Second it.

HAROLD CALLOWAY: It's been moved and seconded. All those in favor let me know by the vote and sound of aye.

ALL COMMISSIONERS: Aye.

HAROLD CALLOWAY: Those opposed. Ayes have it; it is carried.

MICHELLE MARSDEN: Resolution 2005-35 concerns two issues. Mikohn Gaming Corporation requests to change its supplier's license name to Progressive Gaming International Corporation in the renewal of its said supplier's license. No changes will be made with the renaming of the company. Mikohn Progressive has submitted the annual fee and is in good



standings with the Commission. You will need to grant or deny the request to change the name of Mikohn Gaming Corporation to Progressive Gaming International Corporation and you will need to grant or deny the renewal of the Progressive Gaming International Corporation supplier's license.

HAROLD CALLOWAY: You heard the staff's recommendation from the staff regarding 2005-35.

DON VOWELS: I'll move to grant the request and grant the renewal.

BRYAN ROBINSON: I'll second it.

HAROLD CALLOWAY: It's been moved and seconded. All those in favor let me know by the vote and sound of aye.

ALL COMMISSIONERS: Aye.

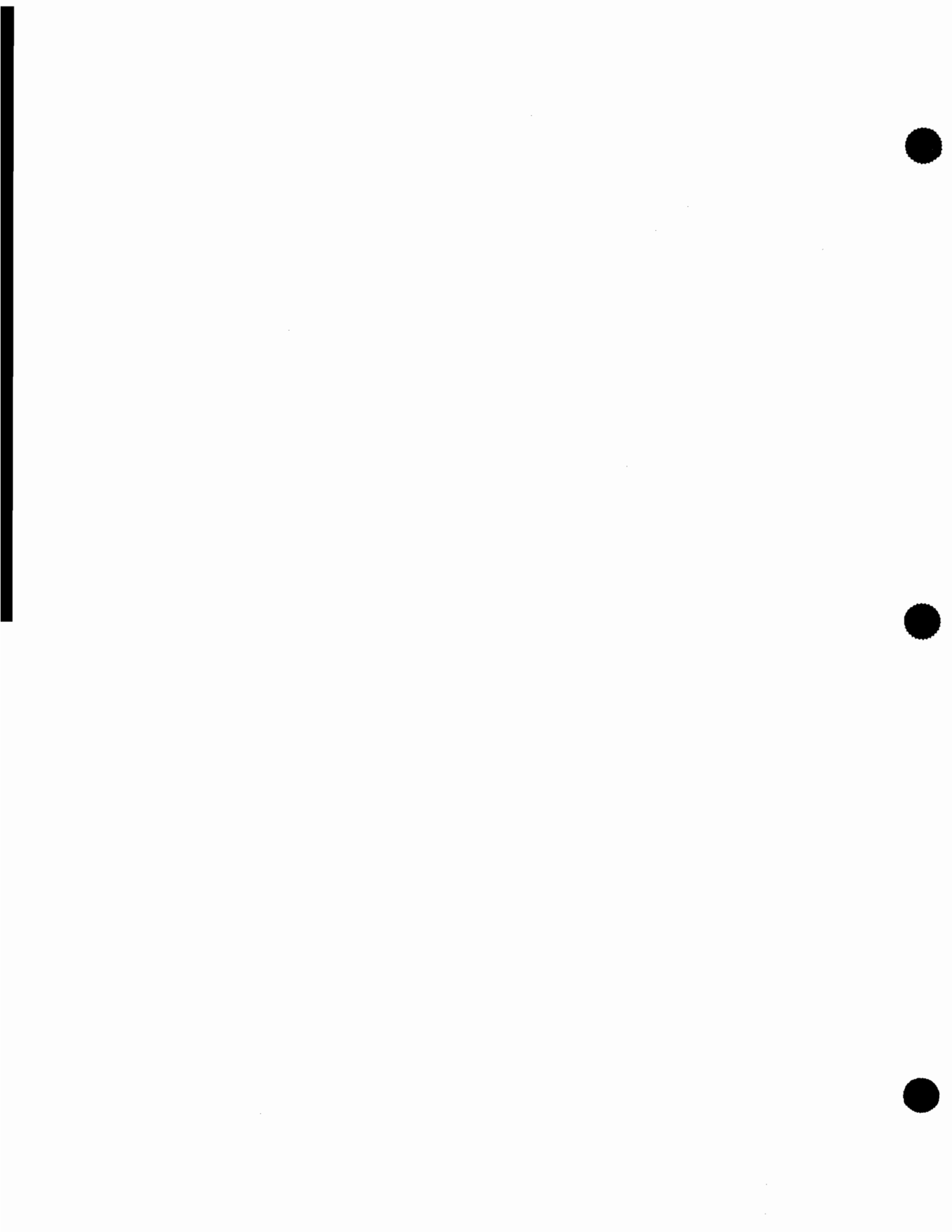
HAROLD CALLOWAY: Those opposed. Ayes have it; it is carried.

MICHELLE MARSDEN: Thank you.

HAROLD CALLOWAY: Thank you. Riverboat Owner's matters. Ernie.

EARNEST YELTON: I believe that's Mr. Sicuso.

PHILLIP SICUSO: Commission staff would like to report that due in part to construction of the new riverboat and other capital improvements done on their property and the resultant large increase in expenditures during calendar year 2004, Blue Chip Casino has failed to meet the IGC's goal of ten percent



annual fee and is in good standings with the Commission. You will need to grant or deny the request to change the name of Mikohn Gaming Corporation to Progressive Gaming International Corporation and you will need to grant or deny the renewal of the Progressive Gaming International Corporation supplier's license.

HAROLD CALLOWAY: You heard the staff's recommendation from the staff regarding 2005-35.

DON VOWELS: I'll move to grant the request and grant the renewal.

BRYAN ROBINSON: I'll second it.

HAROLD CALLOWAY: It's been moved and seconded. All those in favor let me know by the vote and sound of aye.

ALL COMMISSIONERS: Aye.

HAROLD CALLOWAY: Those opposed. Ayes have it; it is carried.

mm: Thank you.

HAROLD CALLOWAY: Thank you. Riverboat Owner's matters. Ernie.

EARNEST YELTON: I believe that's Mr. Sicuso.

PHILLIP SICUSO: Commission staff would like to report that due in part to construction of the new riverboat and other capital improvements done on their property and the resultant large increase in expenditures during calendar year 2004, Blue Chip Casino has failed to meet the IGC's goal of ten percent



(10%) participation by minority business enterprises. As a result of the shortfall, the IGC staff has directed Blue Chip to develop a corrective action plan under 68 IAC 3-3-10. Blue Chip has worked closely with the staff and has made great strides in constructing an acceptable and meaningful plan. The staff expects this corrective action plan to be finalized within the next several weeks and reported at the Commission's next business meeting. At this time, there is no Commission action necessary.

HAROLD CALLOWAY: I just want to make a statement that Blue Chip and all of the other casinos doing business in Indiana, I want to make sure that they understand that we take these matters seriously, and failure to comply should bring some wrath from the Commission. I just want to go on record by letting you know how I feel about that situation. Moving on, then, to license renewal. Phil.

PHILLIP SICUSO: Resolution 2005-36 is before you and concerns renewal of Blue Chip Casino's riverboat owner's license. Pursuant to IC 4-33-6-12, Blue Chip's three year reinvestigation coincides with its annual license renewal in August of 2005. The Indiana State Police background investigation has not finalized its reinvestigation of Blue Chip and needs more time to do so. The staff recommends that you approve Resolution 2005-36 and preliminarily renew Blue Chip's license that it may remain valid until the Commission



meets again to consider the issue.

HAROLD CALLOWAY: You heard the staff's recommendation from the staff regarding 2005-36. What's your pleasure?

DON VOWELS: I'll move to renew.

BRYAN ROBINSON: I'll second it.

MARYA ROSE: One discussion item.

HAROLD CALLOWAY: Yes, ma'am.

MARYA ROSE: We're just renewing the license until we have our next hearing, --

BRYAN ROBINSON: Yes.

MARYA ROSE: -- and then we'll hear about the WBE/MBE participation plan?

BRYAN ROBINSON: Sure. It will all be dealt with at one time. The renewal isn't due until August, so that's why.

MARYA ROSE: Okay. Sorry, Mr. Chairman.

HAROLD CALLOWAY: That's fine. Good question. All those in favor of the staff recommendation let me know by the vote and sound of aye.

ALL COMMISSIONERS: Aye.

HAROLD CALLOWAY: Those opposed. Ayes have it; it is carried.

PHILLIP SICUSO: Next we have Resolution 2005-37 through 41. Each of these relates to five waivers which were previously issued pursuant to Resolution 2005-24 by the Executive Director. These waivers were granted so that five separate



debt transactions could proceed in a timely fashion without full Commission approval and without adhering to the two meeting rule normally called for by 68 IAC 5-3-2. If approved, each of these following resolutions will serve as the Commission's final ratification of the waivers. First is 2005-37. It relates intercompany loan of fifty-three million dollars (\$53,000,000) brought before the Commission by Aztar Indiana Gaming Company. The staff recommends approval of the resolution.

HAROLD CALLOWAY: You heard the staff's recommendation from the staff regarding 2005-37, Aztar. Can we get a motion to approve?

DON VOWELS: I'll move to ratify the issuance of the waiver.

TIM FESKO: I'll second it.

HAROLD CALLOWAY: Other questions? All those in favor let me know by the vote and sound of aye.

ALL COMMISSIONERS: Aye.

HAROLD CALLOWAY: Those opposed. Ayes have it; it is carried.

PHILLIP SICUSO: Resolution 2005-38 relates to the refinancing of an existing debt in the amount of sixty-five million dollars (\$65,000,000) via a senior secured reducing and revolving credit facility with a floating interest rate brought before the Commission by Grand Victoria. The staff recommends approval of Resolution 2005-38.



HAROLD CALLOWAY: You heard the staff's recommendation from the staff regarding 2005-38. Can we get a motion to approve?

DON VOWELS: I'll move to ratify the issuance of the waiver.

BRYAN ROBINSON: I'll second it.

HAROLD CALLOWAY: It's been moved and seconded. Other questions? All those in favor let me know by the vote and sound of aye.

ALL COMMISSIONERS: Aye.

HAROLD CALLOWAY: Those opposed. Ayes have it; it is carried.

PHILLIP SICUSO: 2005-39 relates to an intercompany loan of two hundred million dollars (\$200,000,000) with an interest rate of ten percent (10%) brought before the Commission by Boyd Gaming Corporation. Again, the staff recommends approval of the resolution.

HAROLD CALLOWAY: You heard the staff's recommendation from the staff regarding 2005-39. Can we get a motion to approve?

TIM FESKO: I'll move to adopt the staff recommendation, Mr. Chairman.

BRYAN ROBINSON: I'll second it.

HAROLD CALLOWAY: It's been moved and seconded. All those in favor let me know by the vote and sound of aye.

ALL COMMISSIONERS: Aye.

HAROLD CALLOWAY: Those opposed. Ayes have it; it is carried.



PHILLIP SICUSO: 2005-40 relates to the issuance of senior subordinated notes in a total amount not to exceed seven hundred and fifty million dollars (\$750,000,000) brought before the Commission by Boyd Gaming Corporation. Again, the staff recommends approval of the resolution.

HAROLD CALLOWAY: You heard the staff's recommendation from the staff regarding 2005-40. What's your pleasure?

DON VOWELS: I'll move to ratify the Executive Director's issuance of the waiver.

HAROLD CALLOWAY: Get a second?

BRYAN ROBINSON: I'll second it.

HAROLD CALLOWAY: It's been moved and seconded. Are there questions? All those in favor let me know by the vote and sound of aye.

ALL COMMISSIONERS: Aye.

HAROLD CALLOWAY: Those opposed. Ayes have it; it is carried.

ANN BOCHNOWSKI: Can I ask a quick question?

HAROLD CALLOWAY: Yes, ma'am.

ANN BOCHNOWSKI: Since we don't have an accountant on our Commission right now, can you remind me of what the procedure is, just so I know?

PHILLIP SICUSO: Sure. The resolution that we passed, I think it was two meetings ago, 2005-24 simply calls for the Executive Director, Chair, and Dr. Charlene Sullivan, who is



our outside financial analyst, to look at this. I look at it, too. Charlene makes a recommendation and Ernie and Harold get together to make final approval.

ANN BOCHNOWSKI: I couldn't remember how we were handling that and just wanted to be reminded. Thank you.

PHILLIP SICUSO: Resolution 2005-41 relates to the proposed amendment - did we act on that one?

HAROLD CALLOWAY: No, we acted on 40.

PHILLIP SICUSO: Are we still on 40?

HAROLD CALLOWAY: No, we acted on 40.

PHILLIP SICUSO: 2005-41 relates to a proposed amendment to or replacement of Boyd Gaming Corporation's existing credit facility. In order to increase the total indebtedness to an additional five hundred million dollars (\$500,000,000) to a total limit of 2.4 billion dollars. The staff recommends approval of Resolution 2005-41.

HAROLD CALLOWAY: You heard the staff's recommendation from the staff regarding 2005-41. What's your pleasure?

DON VOWELS: I'll move to ratify the Executive Director's issuance of the waiver.

BRYAN ROBINSON: I'll second it.

HAROLD CALLOWAY: Other questions? All those in favor let me know by the vote and sound of aye.

ALL COMMISSIONERS: Aye.

HAROLD CALLOWAY: Those opposed. Ayes have it; it is carried.



Angie Buntin, the Voluntary Exclusion Program.

ANN BOCHNOWSKI: Good afternoon. My name is Angela Buntin and I'm here today to present a one year update for the Voluntary Exclusion Program. As a result of legislation passed in 2003, the IGC maintains the Voluntary Exclusion Program, also known as the VEP. The VEP went into effect on July 1st, 2004. It allows individuals to self exclude from all Indiana riverboats by completing just one form. The VEP does not replace the self eviction programs at each casino whereby patrons may self evict themselves from one individual property rather than all ten (10). A person may sign up for the Voluntary Exclusion Program at any Indiana riverboat casino or at the IGC office in Indianapolis. Individuals may select the length of exclusion: One year, five years, or life. The Indiana Gaming Commission agents employed by the Indiana State Police are should be commended for their work on this program, as they have signed up seven hundred and twenty (720) participants. The agents have worked diligently with IGC to implement proper training procedures to make this program an ongoing success. Once you're placed on the VEP, the list of excluded persons remains confidential. It is the responsibility of the individual signed up for the VEP to stay away from gaming areas of the casino and not the responsibility of the IGC or the gaming facility to keep these individuals away. In order to sign up for the VEP, an interested participant must comply



with the following: The participant must fill out a request for voluntary exclusion form in person and be witnessed by an IGC agent. The participant must be completing the form on their own free will. The participant must not be under the influence of alcohol, controlled substances, or prescription medications while completing the form. A person signed up for one or five years may request removal from the list at the expiration of that time period. A request for removal must be completed in person, and pending IGC approval, the person will be removed from the list. The IGC is currently in the process of working to finalize and implement removal procedures as July 1st, 2005 marks the one year anniversary. As of June 17th, 2005, there were seven hundred and twenty-four (724) participants in the VEP. The IGC is tracking the following information on participants: Age, state, registration location, length of exclusion, gender, and monthly enrollment. In the following slides you will see a chart indicating the detailed statistical information regarding the participants in the program, and I'm just going to highlight some of the high points. As for the age of participants, between the ages of thirty-six (36) to fifty-five (55) represent about sixty percent (60%) of the participants with the age range of forty-six (46) to fifty (50) having the highest number of one hundred and sixteen (116). As for the state of residence, Indiana, Illinois, and Kentucky represent about eighty-four



percent (84%) of our participants with Illinois having two hundred and fifty-four (254) people from Illinois, two hundred and twenty-two (222) from Indiana, and a hundred and thirty-six (136) from Kentucky. As for casino registration, Caesar's has the highest amount of - they've signed up the highest amount with a hundred and forty-one (141), followed by the Horseshoe Casino in Hammond with a hundred and twenty (120), and Argosy Casino has signed up ninety-eight (98). As for the length of exclusion, there have been forty-six point six nine percent (46.69%) have signed up for life, thirty-two point thirty-two percent (32.32%) have signed up for one year, and the remaining twenty point nine nine percent (20.99%) have signed up for five years. As for the gender breakdown, there have been three hundred and sixty-six (366) males sign up and three hundred and fifty-eight (358) females, which is about fifty-fifty (50-50). As for the monthly enrollment, the average is about sixty (60) people per month, but there are only four months that have fallen below that number, but they've always stayed above fifty (50), and you'll notice in the first four months of the program we signed up seventy (70) plus people each of those months. The June numbers are only reflective through the 17th. We also tracked the county percentages, and Cook County in Illinois, where Chicago is located, has a hundred and ninety-seven (197) people sign up from there, which represents about ninety-seven point two one



percent (97.21%). Jefferson County, Kentucky, which is where Louisville is located, there's been ninety-two (92) people sign up from there, and that represents twelve point seven one percent (12.71%). Lake County, Indiana, which houses Gary, East Chicago, and Hammond, and there are four riverboats located in that county, have had seventy-six (76) people, representing ten point five percent (10.5%), and the fourth highest county is Hamilton County, Ohio, and that's where Cincinnati is located, and they've had fifty (50) people sign up, which represent about six point nine one (6.91%). This concludes my presentation on the VEP. I'd be willing to answer any questions that anyone may have.

BRYAN ROBINSON: Any questions?

MARYA ROSE: Can I have one, Mr. Chair?

BRYAN ROBINSON: Yes.

MARYA ROSE: You said that the boats have signed people up, but people do sign up at the riverboats?

ANGELA BUNTIN: Yes. When the rule is made and the statute, they ask that when someone enrolls in the program, it has to be witnessed by someone that is affiliated with the Indiana Gaming Commission, so that's why we - we tell them they don't have to go to the casino; they can go to the land based office where the IGC agents are, or they can come to the Indianapolis office, but most times it's more convenient for them to go to the boats because they're usually located in those areas.



MARYA ROSE: I know you're developing the procedures by which you can remove yourself from the exclusion list, and it looks like you've got to - you can't do that at the boats; is that right?

ANGELA BUNTIN: It's the same process. They'll have to go through the IGC.

MARYA ROSE: I'm sorry, I read this wrong. I thought you were going to make them come to Indianapolis.

ANGELA BUNTIN: No, no. They can do that at the boat, and what happened is - we're still working on it, but there's going to be like a waiver form that they have to fill, but it's also something that they'll have to do in person and it has to be witnessed by an agent.

ANN BOCHNOWSKI: Maybe I didn't follow you correctly, but it's not the responsibility of the Indiana Gaming Commission or of the gaming facility to make sure that they...

ANGELA BUNTIN: Right.

ANN BOCHNOWSKI: So what's the point of the list?

ANGELA BUNTIN: When the person signs up, we're just taking a stance to help people, give them an outlet to help them, so we don't declare them as problem gamblers, so we feel like we're just giving them the outlet to keep themselves away, so we don't feel like - we feel like it's kind of their responsibility to stay away, rather than place that much, you know, responsibility on our shoulders to make sure they stay



away, or to the properties', because it's like you can't - we've had some - some people have been upset about that, and we don't want, you know, we can't stop every single person that walks in a casino and check their I.D. to make sure whether or not they're on the list or not, so I think that's a process that's still being worked out, but that's how we handle it.

MARYA ROSE: But we are going to take the money that they win?

ANGELA BUNTIN: Yes. If they are caught --

ANN BOCHNOWSKI: We are going to take their money?

ANGELA BUNTIN: Yes, if they are caught at the riverboat, because they can be found anytime, they present their I.D. or if someone, you know, like sees them and knows who they are, you know, they can be caught in several ways, and what happens, if they win a jackpot, then they have to forfeit that over, and the riverboat will pay that as a fine levied against the patron.

BRYAN ROBINSON: Any further questions or discussion? Thank you, Ms. Buntin. You can go to the next item.

ANN BOCHNOWSKI: You have before you for approval six orders regarding the Voluntary Exclusion Program and jackpots won by Jane Doe number one, Jane Doe number two, Jane Doe number three, John Doe number three, John Doe number four, and John Doe number five. Pursuant to 68 IAC 6-3-2(g), a participant in the program agrees that if he or she violates the terms of



the program and enters the gaming area of a facility under the jurisdiction of the Commission, they will forfeit any jackpot or thing of value won as a result of a wager. Jane Doe number one won a jackpot at Argosy Casino in the amount of one thousand eight hundred sixty-seven dollars and fifty-five cents (\$1,867.55). Argosy withheld the jackpot as required by the Commission regulations. Jane Doe number two won a jackpot at Argosy Casino in the amount of twenty-five dollars and seventy cents (\$25.70). Argosy withheld the jackpot as required by the Commission regulations. Jane Doe number three won a jackpot at Caesar's Indiana in the amount of two thousand five hundred five dollars (\$2,505). Caesar's withheld the jackpot as required by the Commission regulations. John Doe number three won a jackpot at Trump Casino in the amount of one thousand two hundred dollars (\$1,200). Trump withheld the jackpot as required by the Commission regulations. John Doe number four won a jackpot at Grand Victoria Casino in the amount of two hundred and ninety-three dollars and fifty cents (\$293.50). Grand Victoria withheld the jackpot as required by the Commission regulations. John Doe number five won a jackpot at Horseshoe Casino in the amount of one thousand three hundred seventy-two dollars (\$1,372). Horseshoe withheld the jackpot as required by Commission regulations. Commission staff recommends that you approve the remittance of these jackpots as a fine levied



against Jane Doe number one, number two, and number three, John Doe number three, number four, and number five.

BRYAN ROBINSON: Are there questions or discussions from the Commission? We'll be voting on these orders together. As the Chairman would say, what's your pleasure?

DON VOWELS: I'll move to approve each of these.

BRYAN ROBINSON: Move to second it?

ANN BOCHNOWSKI: I'll second it.

BRYAN ROBINSON: If the Commissioners would so indicate their vote by the sound of aye.

ALL COMMISSIONERS: Aye.

BRYAN ROBINSON: Any opposition? Thank you.

MARYA ROSE: Ernie, when we take in these remittances, where do they go? How do the funds come in and do we use them for problem gaming issues?

EARNEST YELTON: They go to the General Fund. We still have it separated, and we always report the monies that we do recoup.

MARYA ROSE: It just seems to me --

EARNEST YELTON: It does support it in a way, but not directly.

MARYA ROSE: It just seems to me that it should be - we should be tracking those kinds of funds and making sure that they're getting spent on...

EARNEST YELTON: We do.



BRYAN ROBINSON: Ms. Brodnan.

SUSAN BRODNAN: Commission staff and Argosy have entered into a Settlement Agreement regarding information that the Commission considers to be necessary for the evaluation of Argosy's license renewal that occurred in 2004. In the fall of 2004, Argosy entered into discussions with Penn National Gaming for the purchase of Argosy. During the Commission staff's investigation, Argosy officials were asked whether there were any plans to sell the company to another entity, and several of the officers interviewed were aware of the offer and later negotiations but did not provide that information when asked by investigators, which demonstrated a lack of the company's understanding regarding how and what information is sensitive with SCC reporting and what must be disseminated to regulatory agencies. Therefore, Commission staff recommends and Argosy will agree to a fine in the amount of sixty-five thousand dollars (\$65,000). Commission staff recommends that you approve the terms of the Settlement Agreement that has been executed.

BRYAN ROBINSON: Thank you. Is there any discussion or any questions by members of the Commission? Motion for the approval or disapproval of the Executive Summary of Settlement Agreement?

DON VOWELS: I'll move to approve the terms of the Settlement Agreement.



MARYA ROSE: I'll second it.

BRYAN ROBINSON: Thank you. If you would please indicate by the vote and sound of aye.

ALL COMMISSIONERS: Aye.

BRYAN ROBINSON: Any opposition? The order is passed. Please proceed.

SUSAN BRODNAN: Commission staff and Casino Aztar have entered into a Settlement Agreement regarding three regulatory violations. The first occurred in March and involved violation of sensitive key logs. The second violation occurred in January and was pertaining to failure to properly collect and count currency that was found in bill validator boxes, and the third occurred in March and was regarding an underage patron boarding the vessel without being asked for I.D. The Commission staff recommends and Aztar will agree to pay a fine in the amount of twelve thousand (\$12,000), which is broken down into payment of one thousand (1,000) for the key log, a thousand (1,000) for the bill validator box, and six thousand (6,000) for the underage patron. Commission staff recommends that you approve the terms of the agreement that has been executed.

BRYAN ROBINSON: Thank you. Any questions or discussions from the Commission members? As to the Executive Settlement Agreement, Complaint Number 05-AZ-03, what's your pleasure?

DON VOWELS: I'll move to approve the terms of the Settlement



Agreement.

TIM FESKO: Second.

BRYAN ROBINSON: Thank you. If the Commission members will vote, please so indicate by saying aye.

ALL COMMISSIONERS: Aye.

BRYAN ROBINSON: Any opposition? Thank you.

SUSAN BRODNAN: Commission staff and Caesar's have also entered into a Settlement Agreement regarding an underage patron who boarded the riverboat this May. The patron was asked for I.D. which showed that she was underage but, however, she was still allowed to board. Commission staff recommends and Caesar's will agree to pay a fine in the amount of three thousand dollars (\$3,000) for this violation. Commission staff recommends that you approve the Settlement Agreement.

BRYAN ROBINSON: Thank you. Regarding Executive Summary of Settlement Agreement, Complaint Number 05-CS-04, what's your pleasure?

DON VOWELS: I'll move to approve the terms of the Settlement Agreement.

BRYAN ROBINSON: Do I have a second?

TIM FESKO: Second.

BRYAN ROBINSON: Thank you. If the Commission would please vote, so indicate by saying aye.

ALL COMMISSIONERS: Aye.



BRYAN ROBINSON: Any opposition? Okay.

SUSAN BRODNAN: Commission staff and Grand Victoria have entered into a Settlement Agreement regarding two violations. The first pertains to two incidents regarding underage patrons obtaining access to the riverboat. One was a patron and the second was a vendor that was allowed to board the vessel. Since that time, Grand Victoria has submitted revised boarding procedures to Commission staff showing their commitment to not allowing this to happen again. The second violation is pertaining to the Voluntary Exclusion Program. Grand Victoria notified Commission staff that a participant in the program obtained two credit card advances in February, and the error was made because the patron had two separate player's card accounts with slightly different spelling on the first name, and the one account was flagged but the second one was not, so therefore, he was able to obtain the advance. Commission staff recommends and Grand Victoria will agree to a fine in the amount of twelve thousand five hundred dollars (\$12,500), which is broken down into seven thousand five hundred (7,500) for the minor and five thousand for the VEP violation. Commission staff recommends that you approve the terms of the agreement.

BRYAN ROBINSON: Thank you.

TIM FESKO: I move that we adopt the Settlement Agreement per the staff recommendation.



BRYAN ROBINSON: Thank you. Do I have a second?

MARYA ROSE: Second.

BRYAN ROBINSON: Thank you. If the Commission members would vote, please, by indicating aye.

ALL COMMISSIONERS: Aye.

BRYAN ROBINSON: Any opposition?

SUSAN BRODNAN: Commission staff and Horseshoe have entered into a Settlement Agreement regarding two incidents involving underage patrons boarding a riverboat. The incidents occurred in February and March. Since that time, Horseshoe has also submitted revised boarding procedures to prevent future occurrences of this nature. Commission staff recommends and Horseshoe will agree to a fine in the amount of four thousand five hundred dollars (\$4,500). Commission staff recommends that you approve the terms of that agreement.

BRYAN ROBINSON: Thank you. Any questions or discussion? What's your pleasure?

DON VOWELS: I'll move to approve.

TIM FESKO: Second.

BRYAN ROBINSON: If the Commission would please vote by so indicating aye?

ALL COMMISSIONERS: Aye.

BRYAN ROBINSON: Any opposition? Thank you.

EARNEST YELTON: Mr. Chair, I have the last agenda item that's regarding the transfer of the license from Argosy to Penn



National. Members of the Commission, Penn National Gaming, Inc. and its wholly owned subsidiary, Thoroughbred Acquisitions, Corp. have entered into an agreement and a plan of merger with Argosy Gaming Company. Pursuant to the terms of this Agreement, Thoroughbred will merge with and into Argosy, and Argosy shall continue as the surviving corporation. Upon completion of the merger, Argosy shall become a wholly owned subsidiary of Penn National. The Indiana Gaming Company, LP, a wholly owned subsidiary of Argosy, is the current holder of the license to own and manage a riverboat gambling operation in Lawrenceburg, Indiana. After closing the Indiana Gaming Company, LP will continue to hold Indiana's owner's license. The Commission received a Confidential Financial Analysis of the transaction from Dr. Charlene Sullivan, who recommends approval of Penn National's financing package and merger. The Indiana State Police background investigation report (sic) has completed a background investigation on Penn National and presented its report to the Commission, who has examined it and further investigated the issues raised by the Indiana State Police and find it to be suitable. Ms. Timberman will now pass out to you a letter from the Honorable William Cunningham, who is Mayor of Lawrenceburg, who is writing a letter in support of the transfer. If I were mayor of Lawrenceburg, I'd be happy, too. I understand the LDA will be assumed by Penn National,



as well. At this point in time, I'd like to introduce to you, Mr. Chair, members of the Board, Mr. Peter Carlino, who is Chairman of the Board and Chief Executive Officer of Penn National Gaming, Inc.

PETER CARLINO: I'll see if this light stays on for a few moments. Hello and good afternoon. I am Peter Carlino. I'm Chairman and Chief Executive Officer of Penn National, and I say hello to members of the Commission and to staff, and I had the very, very brief privilege of saying hello to Chairman Calloway in the lobby on the way in, and I understand he had to catch a plane, so I'll miss him at this presentation. With me today is Kevin DeSanctis, our President and Chief Operating Officer, Bill Clifford, our Chief Financial Officer, and of course, a Vice President of our company, and hopefully among the three of us such knowledge as is held at Penn National is fairly well represented. I've been asked to briefly address three areas, and obviously go anywhere that you would like me to go, but first, the shortest possible history of our company, a few moments about our financial capability, and then a little sense of what we intend for the wonderful property in Lawrenceburg. The history, in the briefest possible form, Penn National is a family business that began in the very first days when racing was licensed in Pennsylvania. I was President back in 1972 when that started, and was Chairman, I guess, by 1974. I held that position



until roughly the early '80's, when I moved on to do some other things, but came back in 1994 still to this little racing business located in Harrisburg, Pennsylvania, our state capital, to take that company public, and in the ensuing eleven (11) years we've had the good fortune to be among the fastest growing, and certainly financially successful, companies in the United States, as reported very recently by the Wall Street Journal, so that we've had a tremendous growth, and fortunately, very successful growth that has led us to this day to the merger of Penn National with Argosy Gaming. Argosy is, of course, a well run company with a lot of fantastic properties that sort of merge very comfortably with all sort of business that Penn National does. We own race tracks and casino properties, riverboat properties in New Jersey and Pennsylvania and West Virginia, Mississippi, Louisiana, Colorado, Illinois. Have I left any out? Oh, and we manage, for the Canadian government and for a hundred and thirty-three (133) first nations one of the largest casino resort destinations in Canada, in Ontario, so our business has grown, and Argosy is a wonderful opportunity for us. From a financial point of view, the company is sound and very profitable, I'm happy to say. We have committed financing that is in place and read to go, subject to all appropriate approvals from the various states and regulatory authorities, including the Federal government. This is - someone had asked



where are we in the process now; I think we're nine out of thirteen (13), so today is an important milestone for us, but financing is secure, and I think you can rest comfortably, certain that we are a well capitalized and well run company. Our plans for the company will remain essentially what they have been with every other company and property that we have acquired. We operate in a very decentralized way. We believe firmly that it is very difficult for our company - maybe others can do it better - from Wyomissing, Pennsylvania to reach down day to day and understand what is best for a property in the local market, so we give a lot of autonomy to our local managers. We do, of course, have core principals, very well thought out core principals, around which we operate, and we need for all of our folks to believe in and understand, but beyond that, they have a tremendous amount of flexibility locally. We plan no changes to the Lawrenceburg property, other than to support the very significant and imaginative plans that the Argosy staff already has in place to expand and develop that wonderful boat. In fact, we just came from architectural meetings this morning to take a look at the next integration of their thinking there, and it's pretty exciting, so we fully support that. Our general view to people and staff is pretty plain, and I use this quote often; it's that of a physician. First, do no harm, and that's how we feel about our approach to running the business,



as all our others, and we will be very cautious and very slow as we approach this integration (inaudible), especially here in Indiana, foresee any significant changes; certainly no negative changes to what is already a very successful operation. With that, Kevin and Bill and I are available and would be happy to answer any questions that you would have.

EARNEST YELTON: Any questions?

ANN BOCHNOWSKI: I guess Argosy is so successful and everything. I'm just wondering what's in it for them, other than they make some money on this. They're still going to be there; was it just to have more money to do some of the things they want to do?

PETER CARLINO: Well, Argosy, like Penn National, is a public company. Of course, their shares are fairly broadly held. It was our feeling, and by the way, it applies to us as well, that at a price one could always approach a public company and make an offer.

ANN BOCHNOWSKI: Was it friendly or hostile?

PETER CARLINO: It was friendly. It was not invited. In fairness to the folks at Argosy, they did not have any intention to sell at all. I think it's safe to say that. I approached first their Chairman - this is all publicly recorded - Mr. Cherline, first to get acquainted, with no agenda at all, and please don't hold me to this date, perhaps a year and a half ago or a little longer, and at that time I



think he made it clear that they had no intention to sell, and I said that was fine, but as the industry continued to consolidate and we saw - and you've seen that, as well, and been affected by it, it was clear to me that if our company was to continue to grow, it would be the strong getting stronger and perhaps others not remaining in the field, so that I stepped up the pace of our efforts and our offer, and finally we came to an agreement on a price. They are a public company; they have a fiduciary responsibility to at least present that price to shareholders, and subsequently shareholders voted to accept that price. That's essentially how the process would work.

ANN BOCHNOWSKI: Okay. The shareholders voted, I can understand that, and the management felt comfortable, and everything hunky dory?

PETER CARLINO: Yes. I would say that the process in this transition has been very, very positive. Management has been wonderful to work with, supportive, once we got past the agreement, and it's been a very positive process. The difficulty, of course, in this business, apart from some others, is that there is this long regularity period that leaves, frankly, a lot of folks, particularly at the corporate offices, in limbo for a very long time, "What will happen to me? Where is this all going to go as we go through the regulatory approval process?" That's difficult, because we



don't presume to stick our noses into business that frankly isn't ours until you folks give us the right to do that, so maybe unlike some other businesses, we have to stand on the sidelines, but there is a courtesy between both groups to keep us informed of what their plans are, but they've been very supportive, and we of them.

ANN BOCHNOWSKI: In other companies, I assume you've done due diligence with each other?

PETER CARLINO: Oh, my goodness, yes. Once we reached an agreement, there's a period of time usually provided to do thorough due diligence, after which we either agree or don't agree, and that's been long completed, so that these many months we've really been waiting for the regulatory process to take shape and to do all the things that you folks have done here, and other jurisdictions are doing, as well.

ANN BOCHNOWSKI: Are you committed to all of the commitments that Argosy has made to the community?

PETER CARLINO: Absolutely. Kevin, on our behalf, for example, was out in Lawrenceburg to meet with the mayor and others to talk about our commitment, and we view that - remember, we're still a local business. We never lose sight of the face that these are local businesses, and they run that way. There's this umbrella company that represents all the stockholders based in Pennsylvania, but we're not confused about where business actually takes place, and it's right at



the facility.

MARYA ROSE: May I ask a question, please?

EARNEST YELTON: Yes.

MARYA ROSE: Is everything done, except for regulatory approval? All your work is done; you're just waiting on regulatory approval so you can move forward with the merger, correct?

PETER CARLINO: Yes, I think it is.

WILLIAM CLIFFORD: The only other item that's out there waiting for approval is we're going to launch and tender an offer for the Argosy (inaudible), which hopefully we'll start on next week, and it will be, obviously, contingent upon your approval and everything else that goes with that, but generally speaking, yes, everything's done in terms of what we've got to do.

MARYA ROSE: Have you gotten approval from every other regulatory body that you need approval from besides us?

WILLIAM CLIFFORD: No.

PETER CARLINO: I think we have three left.

WILLIAM CLIFFORD: Three states plus the other two (inaudible) to give us the final sign off.

PETER CARLINO: The FCC became involved in Louisiana.

MARYA ROSE: Really?

PETER CARLINO: Well, they can get involved anywhere they like, but there were some overlaps. They looked at an overlap



in Baton Rouge, where there would have been two boats, although we thought the market was a lot larger, they disagreed, and to keep this transaction moving, we agreed to sell that property.

ANN BOCHNOWSKI: That happened to Harrah, too, I think.

PETER CARLINO: And that's been publicly announced.

MARYA ROSE: Will you be the Chairman, Mr. Carlino, the Chairman of the new entity?

PETER CARLINO: Yes, that's correct.

MARYA ROSE: Most of the team, then, from - most of your team is going to be in place running the new company that will still be named Argosy, right?

PETER CARLINO: That's correct. Now, there's going to be some - we don't know, in fairness --

MARYA ROSE: Obviously. I recognize that you haven't made all those decisions, but in terms of who is in charge, it's you?

PETER CARLINO: Oh, yes. Correct. Following closing. I hasten to add that's after closing.

EARNEST YELTON: Any other questions?

DON VOWELS: I just have a couple quick questions. Your company is the owner of Hollywood Casino Corporation and its subsidiaries; is that right?

PETER CARLINO: That's correct.

DON VOWELS: Hollywood Casino in Shreveport was or is under Chapter 11?



PETER CARLINO: That's correct.

DON VOWELS: What's the status of that now?

PETER CARLINO: I think it's finally settled. The judge just approved the sale of that property, and that process has been going on for a couple of years, frankly, but now that should be settled for us. That was a property, I should make clear, that was an independent nonguaranteed subsidiary of Hollywood. It opened just prior - or not long prior to our having bought the company, and it was in financial distress from the very, very beginning. Its income couldn't support its financing, but that financing was separate from the overall corporate financing, and the choice was did we keep putting money into that losing proposition at that high level of debt or do we let it go, and our choice was, right from the day one, to let it go, and we announced that a very long time ago.

DON VOWELS: Did it get purchased?

PETER CARLINO: Yes, it did. There were several competing bids, but it was approved by the bankruptcy court and it was just settled... El Dorado was the winning bidder for that property.

DON VOWELS: The bankruptcy judge approved it?

PETER CARLINO: Yes, that's correct. I'm not a lawyer, but is there any recourse from that?

KEVIN DESANCTIS: It's not complete, but the plan has been approved, and it looks like it will be complete sometime in



July.

PETER CARLINO: As I followed that, I think the judge has recognized that every day that that property sits, kind of a no man's land, it's a bad day, so I think the folks of the court there, to get it into new hands and to do the things that needed to be done.

ANN BOCHNOWSKI: So you were able to buy that, keep that separate, so that bankruptcy is just for that --

PETER CARLINO: Correct. It never did have an impact on us.

ANN BOCHNOWSKI: Okay.

PETER CARLINO: It's unfortunate, because they built a rather attractive property there, but all the things weren't done so well, and it just got off to a bad start and never recovered, but we had no financial responsibility for it.

DON VOWELS: I'm looking here at, you have a lot of gaming institutions and you are in a lot of jurisdictions. It seems Louisiana, as the control board there, has dealt with you in relation to some fines. There was one, and I'm not sure, this is out of the infamous red books that we have, so I'm going to dance around the specifics of this, but who is Jack Pratt?

PETER CARLINO: He was the former chairman of Hollywood.

DON VOWELS: He's no longer associated --

PETER CARLINO: No, no.

DON VOWELS: Was he associated after the time - Penn purchased, in March of 2003, Hollywood, right?



PETER CARLINO: And we bought all the Pratt shares as part of that. They're a public company, also, but we bought all those shares.

DON VOWELS: Whatever he did that ran afoul, the Louisiana Gaming Control Board was not during your watch?

PETER CARLINO: No, that was before our time.

DON VOWELS: That takes care of that, and I think I've danced around it, didn't I, Mr. (inaudible)? He used to get up at meetings and lean over and tell me to shut up.

PETER CARLINO: I'm glad the answer was as easy as that for me, so thanks.

EARNEST YELTON: Any other questions from the Commission members? Thank you, Mr. Carlino. The staff has looked very closely at this. Well, we look very closely at all transfers, but this one in particular, and to follow up, we are aware that Argosy is the most successful boat, but we wanted to make sure that the transfer of ownership would not skip a beat, and we looked very closely at that, and if you look at Dr. Sullivan's report, I think you'll see she thinks this is an incredible synergy that would even make it more successful than it is now, and Don, we asked Ms. Buntin to do an investigation of fines, because it sort of jumped out at us, and it's her conclusion, when you look at all the other facilities in Louisiana, that it was somewhat very close to normal with other boats. Plus, Kevin was kind enough to come



in and spend some time with us and explain exactly in detail about Penn's existence and what they intend to do, so your Executive staff is very encouraged about this transfer, and we highly recommend that you approve it.

BRYAN ROBINSON: Thank you, Mr. Executive Director. Is there any further questions or discussion for this resolution? Before us is Resolution 2005-42. The Commission is to grant or deny the resolution concerning the application of Penn National Gaming to acquire ownership of Indiana Gaming Company, LP. Do I have a motion?

DON VOWELS: I'll move to grant the application.

TIM FESKO: I'll second.

BRYAN ROBINSON: If the Commission members would please indicate their vote, saying aye.

ALL COMMISSIONERS: Aye.

BRYAN ROBINSON: Is there any opposition? The Chair votes aye, and it is no granted. Mr. Executive Director, do you have anything else?

EARNEST YELTON: No. Pursuant to the agenda, please note that the next meeting of the Indiana Gaming Commission will be conducted on September 26th in Indianapolis, Indiana, at a place TBA.

DON VOWELS: I don't know if we ever announced it before, but the August 25th meeting is not happening.

EARNEST YELTON: That is not happening. September 26th will



be the next meeting.

DON VOWELS: So nothing in August?

EARNEST YELTON: That's correct.

BRYAN ROBINSON: Are there any further matters from any Commissioners that require discussion? Do I have a motion to adjourn the meeting?

MARYA ROSE: Move.

DON VOWELS: Second.

BRYAN ROBINSON: This meeting is adjourned.

MEETING IS ADJOURNED.



STATE OF INDIANA)

) SS:

COUNTY OF ORANGE)

I, Denise Franklin, a Court Reporter and Notary Public, duly qualified and commissioned for the State of Indiana and acting under commission expiring February 7, 2008 do hereby certify that the foregoing transcript is a complete, correct and full report of the entire hearing held on June 23, 2005 before the Indiana Gaming Commission.

IN WITNESS WHEREOF, I HAVE HEREUNTO SET MY HAND AND AFFIXED MY SEAL THIS 16TH DAY OF AUGUST, 2005.

Denise Franklin

Denise Franklin
Notary Public
Resident: Orange County
Commission Expires: 2-7-08

