

ARGOSY CASINO & HOTEL
LICENSE RENEWAL PRESENTATION

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The public meeting regarding the License Renewal of Argosy Casino & Hotel held before the Indiana Gaming Commission, taken by Marlene T. Wullenweber, RPR, Notary Public in and for the County of Dearborn, State of Indiana, held at the Argosy Casino & Hotel, 777 Argosy Parkway, Lawrenceburg, Indiana, on December 7, 2001.

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COPY



APPEARANCES:

On behalf of the Gaming Commission:

JACK THAR
DONALD VOWELS
ANN BOCHNOWSKI
THOMAS MILCAREK
DAVID ROSS
DAVID CARLTON
DALE GETTELFINGER
CYNTHIA DEAN
BILLY HAMILTON

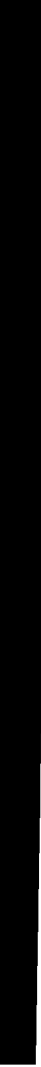
On behalf of the Argosy Casino & Hotel:

ARNOLD BLOCK
JIM PERRY
BILL HARVEY
DON MALLOY, ESQ.

Also Present:

MAYOR PAUL TREMAIN
BARRY NANZ
JIMMY BEARD

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

2 MR. VOWELS: Okay. We'll go ahead and
3 call the meeting order.

4 It is 10:45 local time. All of the
5 commissioners are present, with the exception
6 of Commissioner Darko. And this is the time
7 to consider the renewal of the license of
8 Argosy. And the first matter in front of us,
9 then, Drew Klasik. Mr. Klasik, we'll start
10 with you.

11 MR. KLASIK: Good morning,
12 Mr. Chairman, Commission, Executive Director
13 and Gaming Commission staff.

14 MR. THAR: It's not picking you up,
15 Drew. I don't think everybody can hear you.

16 MR. KLASIK: Good morning.
17 Mr. Chairman, Commission, Executive Director
18 and Gaming Commission staff.

19 My name is Drew Klasik. I believe I'm
20 still a policy analyst at the Center for
21 Policy and the Environment, although I haven't
22 been in my office in 24 hours. I'm a policy
23 analyst for the Center for Policy and the
24 Environment. We've performed analyses for the
25 Gaming Commission since the original licensing



1 applications. We've also served as staff for
2 the governor's gambling impact study
3 commission.

4 I'm going to give you a brief overview
5 of the five-year analysis report that we've
6 completed for the Gaming Commission. We're
7 going to look specifically at issues of
8 compliance, work force development, economic
9 impacts and fiscal impact of the riverboat
10 casino. In terms of compliance in project
11 development, by July of 2001 Argosy has spent
12 approximately \$237.5 million, which was \$71.1
13 million more than what was originally
14 required. About 13.3 million of that was
15 spent locally in the four county area:
16 Dearborn, Franklin, Ohio and Switzerland
17 Counties.

18 Argosy had paid over \$114 million in
19 negotiated incentives, and that is ahead of
20 schedule. For example, 24 million was paid to
21 the City of Lawrenceburg in 2001. There were
22 no specific employment goals; however, the
23 five-year average employment is 2,162, and
24 since opening Argosy's paid over \$296 million
25 in wages, 77 million in wages in the year



1 2,000. As of July, 2001, 53 percent of Argosy
2 employees were female, eight percent were
3 minority and 37 percent were Dearborn County
4 residents.

5 We also looked at work force impacts,
6 and serving Argosy's employees. 619 responded
7 out of the approximately 2,300 employees.
8 What we learned is that 28 percent of all
9 those who responded to the survey were
10 unemployed prior to beginning work at the
11 Argosy casino. About 48 percent of all who
12 began working here were motivated principally
13 by either more money or improved benefits.
14 The average length of employment for survey
15 respondents was three years and three months.
16 About 77 percent of all those responded have
17 received some raise since beginning at Argosy.
18 The average raise was \$6,558 over the course
19 of their employment. That averages out to
20 about \$2,000 a year.

21 We also asked the employees about the
22 types of training they received while working
23 at Argosy. About 75 percent reported that
24 they received job-related training,
25 specifically to their job from the Argosy



1 casino. Nine percent received training from
2 Argosy related to general skill building above
3 and beyond what's required for their
4 particular job at that time, and about
5 nine percent also reported being reimbursed by
6 Argosy for training received from outside
7 institutions.

8 We also looked at the economic impact
9 of the Argosy casino, and we principally
10 looked at how it was affecting tourism in
11 Lawrenceburg and the surrounding area and also
12 what the economic impact, not of the boat
13 itself, but of the spending of the locally
14 negotiated incentives and local gaming related
15 taxes was.

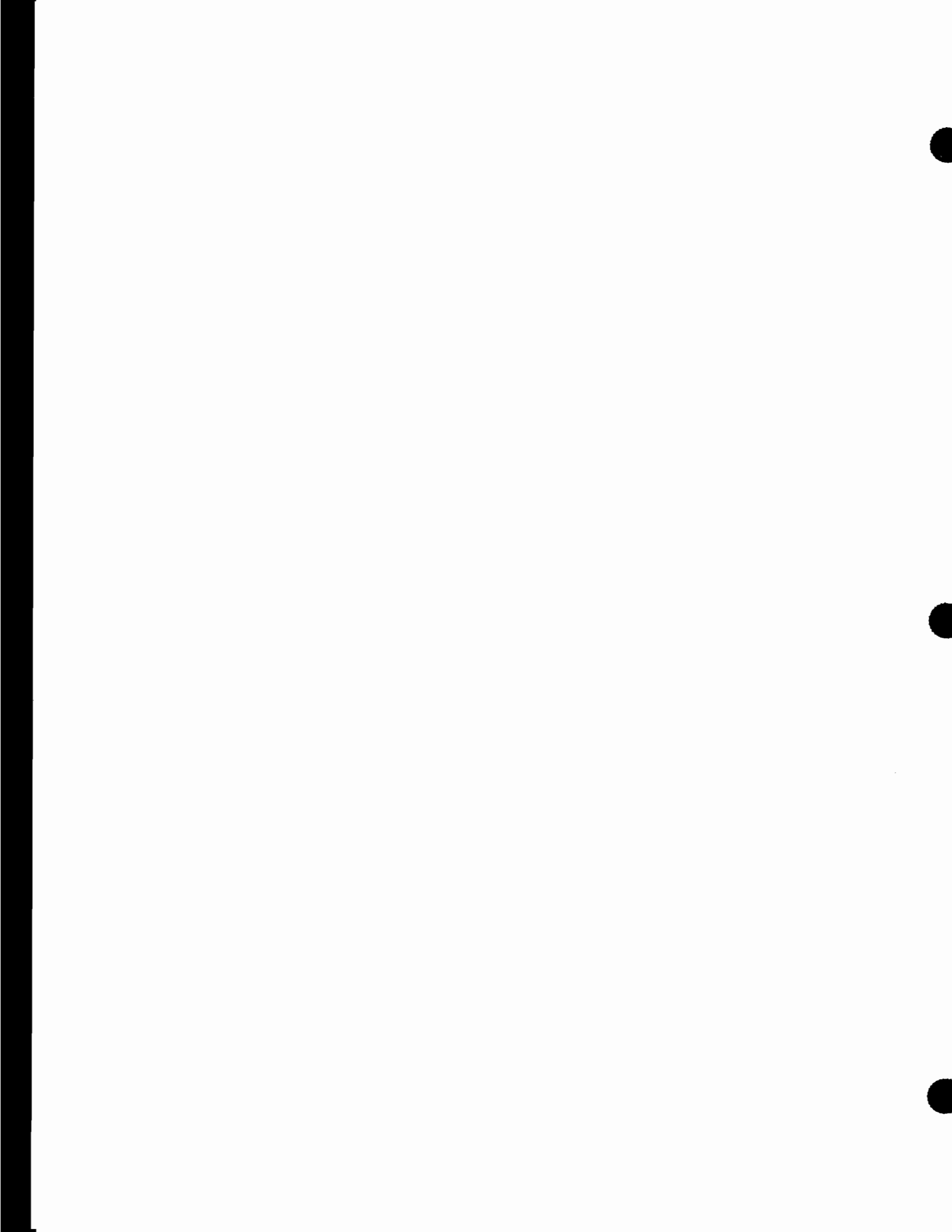
16 First I'll talk about tourism. We
17 interviewed over the course of a four-day-long
18 weekend approximately 109 patrons. We learned
19 that the Argosy casino is very successful in
20 tracking new people to Lawrenceburg. In fact,
21 a hundred percent of those surveyed responded
22 the principal reason for visiting the area was
23 to visit the casino, and about 75 percent of
24 all those surveyed were from outside of
25 Indiana. We look at slightly less successful



1 in attracting or generating additional
2 business for Lawrenceburg entrepreneurs. Only
3 about 10 percent reported visiting any other
4 business or any other attraction while here to
5 gamble at the casino, and 21 percent spent
6 more than eight hours or likely spent
7 overnight, an overnight stay in Lawrenceburg.

8 One of the things that I think is most
9 interesting is the realization that with the
10 large amounts of local tax dollars that are
11 generated and the negotiated incentives, that
12 as the City of Lawrenceburg and Dearborn
13 County and others spend that money, they can
14 generate incredible short-term economic
15 impacts for the residents and the businesses
16 of this county, and also how they spend that
17 money can have the possibility of making
18 Lawrenceburg and Dearborn County more
19 economically competitive in the future.

20 We limited the analysis to the \$98.3
21 million spent by the City of Lawrenceburg, by
22 Dearborn County and by the Lawrenceburg
23 Conservancy District. And what we learned was
24 that that \$98.3 million resulted in nearly a
25 hundred and thirty million dollars of economic



1 impact in the local community in the four
2 counties of Dearborn, Ohio, Ripley and
3 Switzerland that equated to 2,200 new jobs and
4 approximately \$34 million in new wages.

5 The last thing we looked at was the
6 fiscal impact of the riverboat, basically in
7 an attempt to understand if the riverboats
8 generate more in tax dollars than they consume
9 in new services. And what we learned -- and
10 we looked at Dearborn County, the City of
11 Lawrenceburg and also the local school
12 corporation. And what we learned was that
13 when you count the admissions taxes, the local
14 admissions taxes, Dearborn County experienced
15 a positive fiscal impact of about
16 \$7.5 million. If you don't count those
17 dollars -- and the analyst who did this at
18 times argues that one needs to at least look
19 at it both ways, because generally the
20 admissions taxes is spent for capital and not
21 for operations. Then when you don't count the
22 admissions tax, there's a negative impact of
23 about 120 to \$220,000. However, if you want
24 to look at that in kind of a budgetary
25 fashion, that might -- you could think that



1 Dearborn County is spending \$120,000 to
2 administer in that gain of \$7.5 million from
3 the admissions tax.

4 The City of Lawrenceburg with
5 riverboat taxes experienced a positive impact,
6 fiscal impact of over \$25 million.

7 Without riverboat taxes, there was a
8 slight negative impact.

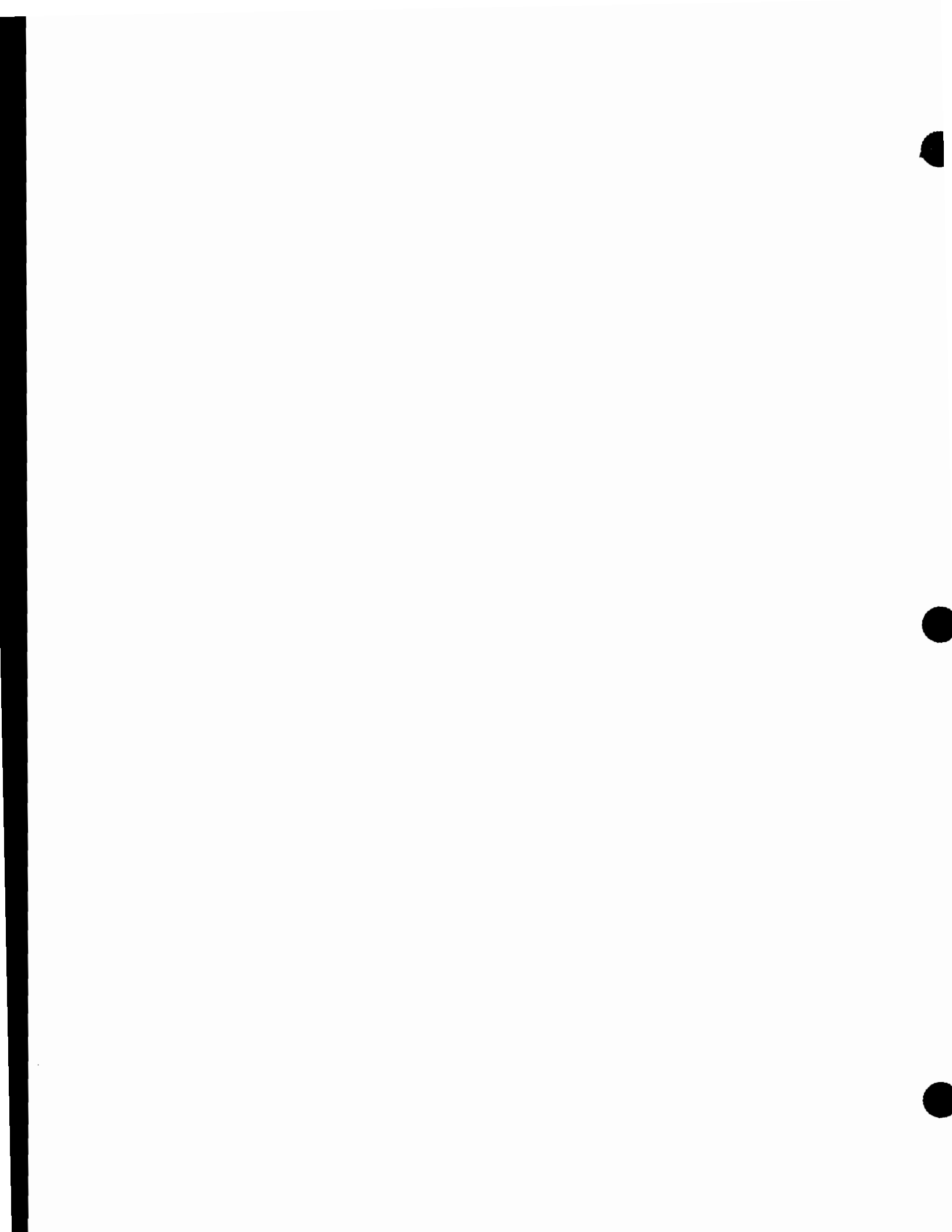
9 The school corporation, which doesn't
10 receive any gaming-related tax, other than
11 property tax paid from the boat, had a
12 negative impact of approximately 3 -- on the
13 low end of negative impact of about \$300 and
14 on a positive end, an impact ranging
15 somewhere, a positive fiscal impact ranging
16 between 240 and \$420,000.

17 That concludes the brief overview of
18 the report the Center prepared for the
19 commission.

20 MR. VOWELS: Thank you. Any
21 questions, Mr. Klasik? Thank you. Appreciate
22 it.

23 MAYOR TREMAIN: Thank you.

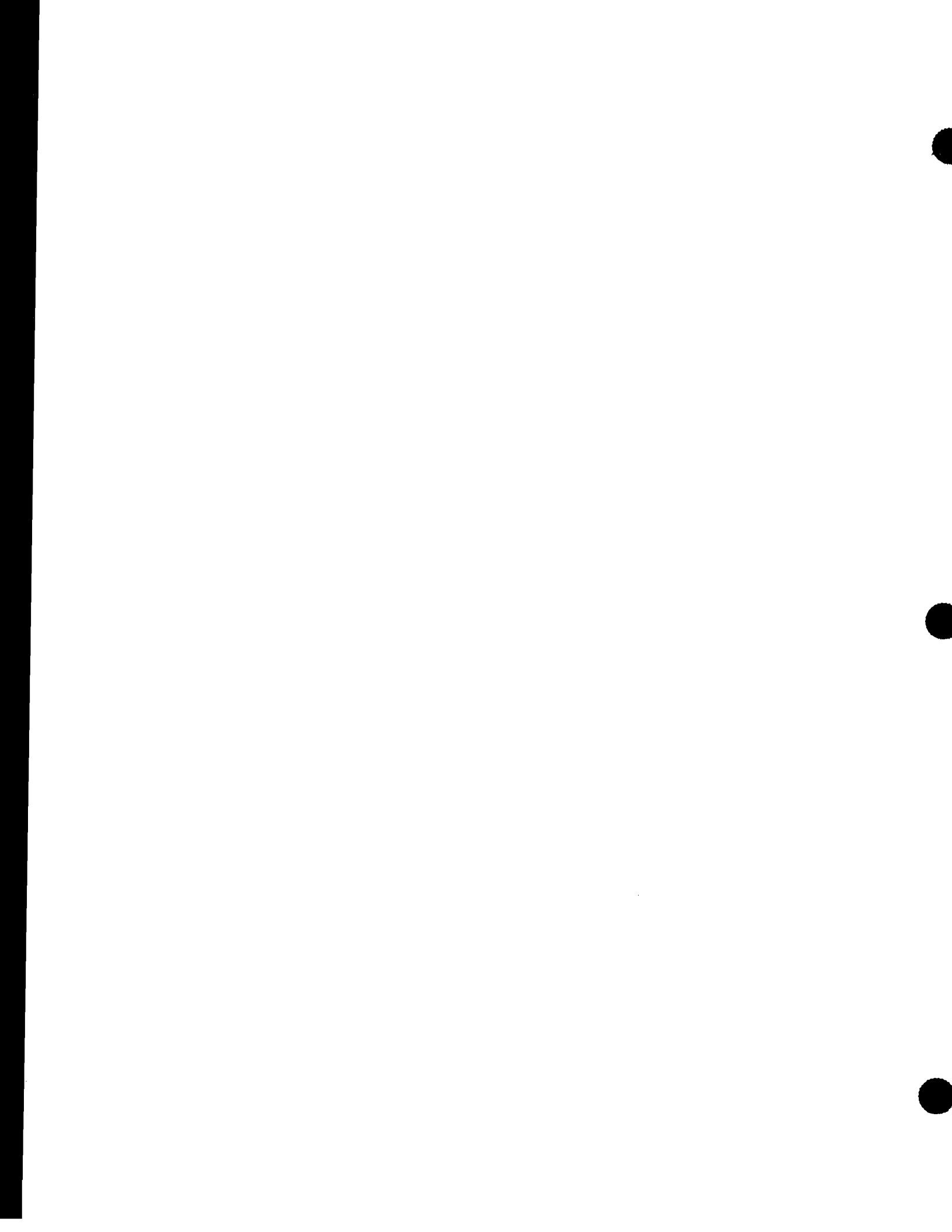
24 MR. THAR: The report prepared by the
25 Center is a public document. It is available



1 from the Commission. We do have a couple
2 extra copies with us if somebody cares to have
3 one today.

4 MR. VOWELS: All right. Submitted by
5 Argosy is a license renewal presentation
6 outline, and it appears that the first portion
7 of that, we turn to Arnold Block. Mr. Block.

8 MR. BLOCK: Chairman Vowels, members
9 of the Commission, Mr. Thar, members of the
10 Commission staff, the legislation that made
11 riverboat gaming legal in 1993 has been
12 referred to as the largest economic
13 development package in the history of Indiana.
14 Whether that reference is completely accurate
15 is for someone else to determine. I do know,
16 however, that those of us who have experienced
17 development of casino operations in our
18 communities know that reference is quite
19 accurate. There's no doubt riverboat gaming
20 is the greatest economic development
21 opportunity the residents of Dearborn County
22 have had in decades, if not the greatest ever.
23 On December 10, five years ago, when
24 by decree of the Indiana Gaming Commission
25 riverboat gaming became a reality in



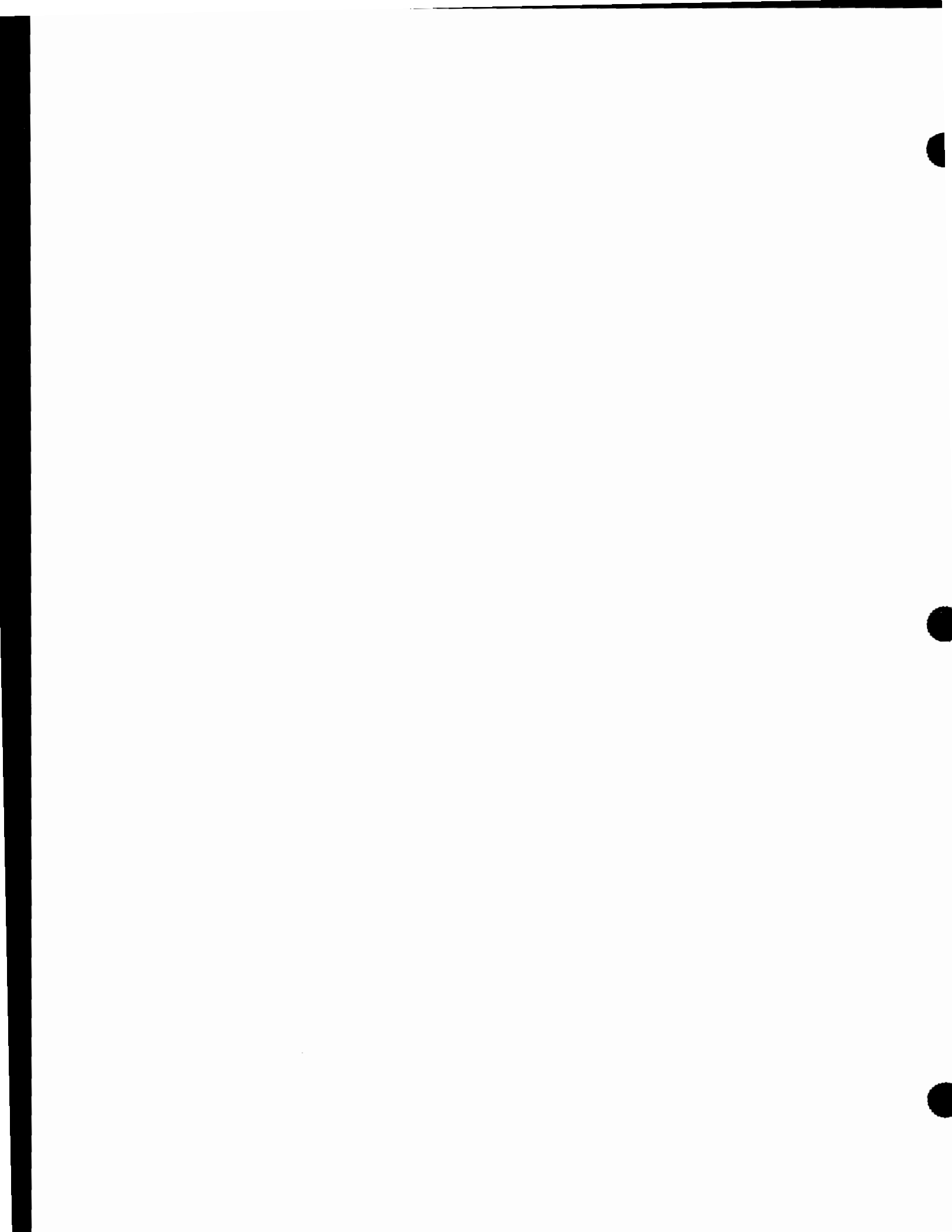
1 Lawrenceburg. Neither the new Argosy
2 employees, the first-time patrons or the city
3 and county residents could have known within
4 five short years, Argosy would record more
5 than 30 million taxable admissions and become
6 the industry leader.

7 A lot has changed for Argosy, the City
8 of Lawrenceburg, Dearborn County and
9 southeastern Indiana in the last five years.

10 Argosy is now Southeastern Indiana's
11 top employer with 2,400 employees.

12 Lawrenceburg has completed millions of dollars
13 in infrastructure improvements, and the city
14 has shared more than \$40 million in wagering
15 and admission taxes with other cities and
16 towns: Dearborn County government, school
17 foundations, libraries, senior centers,
18 police, fire and emergency organizations and
19 Ivy Tech State College.

20 The millions of dollars Argosy has
21 generated in gaming taxes, innkeepers taxes,
22 property taxes and other taxes has had a
23 tremendous positive impact on each level of
24 government. The positive economic impacts,
25 however, go beyond building up the municipal



1 coffers.

2 The multiplying economic effects of
3 Argosy supplying more than 2,400 jobs,
4 purchasing goods and services from hundreds of
5 Tri-State vendors, and attracting millions of
6 visitors has provided the region with numerous
7 other economic development benefits and
8 opportunities.

9 The quality of life in Dearborn County
10 has improved, too. Parks and recreation,
11 school foundations, libraries, senior centers,
12 police, fire and ambulance services, all have
13 benefitted. The county is able to spend five
14 times the amount on road work than before
15 Argosy. The cities of Lawrenceburg, Aurora
16 and Greendale have more revenue to complete
17 needed projects than previously they could not
18 afford without large tax increases for
19 residences. Small towns like Dillsboro and
20 Moore Hill can complete needed parks and
21 infrastructure work to renovate the town hall.
22 At Argosy we feel all these things are
23 possible because we have met or exceeded our
24 promises to be a partner in progress in
25 Dearborn County. Those promises are outlined



1 in the certificate of suitability allowing
2 Argosy to operate a riverboat casino in
3 Lawrenceburg, Indiana, and in our development
4 agreement with the city. I'd like to take you
5 through a five-minute video and show you
6 chronologically what we've done over the last
7 five years.

8 (The following is a recitation of the
9 videotape:)

10 NARRATOR: As the Spirit of America
11 barge moved downriver from Cincinnati,
12 September of 1996, there was both anticipation
13 and skepticism. As the Spirit barge eased
14 into its mooring position at the foot of
15 Walnut Street, this much was clear: Riverboat
16 gaming was about to begin in Lawrenceburg.

17 The Spirit barge became the boarding
18 area for Argosy's leased riverboat casino,
19 which opened to the public on December 10,
20 1996.

21 In the succeeding five years, progress
22 came at a rapid pace. Construction of the
23 massive Argosy pavilion and its 300-room hotel
24 were underway.

25 The construction of Argosy parkway off



1 a widened Route 50 was creating, literally and
2 figuratively, a new prestigious address in
3 Lawrenceburg.

4 Meanwhile, hundreds of miles away in
5 the bayous of Louisiana, the Argosy 6 was also
6 under construction. Four hundred eight feet
7 long and state of the art in every way, the
8 Argosy 6 made a maiden voyage of the
9 Mississippi and Ohio rivers.

10 Upon arrival in Lawrenceburg, the
11 city's landscape and riverscape would
12 permanently change. A short distance
13 upstream, the river began to fill up the long
14 slip that would become the permanent home for
15 the Argosy 6.

16 In December of 1997, the giant ribbon
17 was cut to officially open the spacious Argosy
18 pavilion. "You don't get to put your
19 fingerprints on something this large many
20 times in your life, getting to plan it,
21 getting to build it, bring it out of the
22 ground and then bring it to life with 2,400
23 employees, and then the success and
24 recognition that we've been able to acquire
25 has just been quite a story. It's just been a



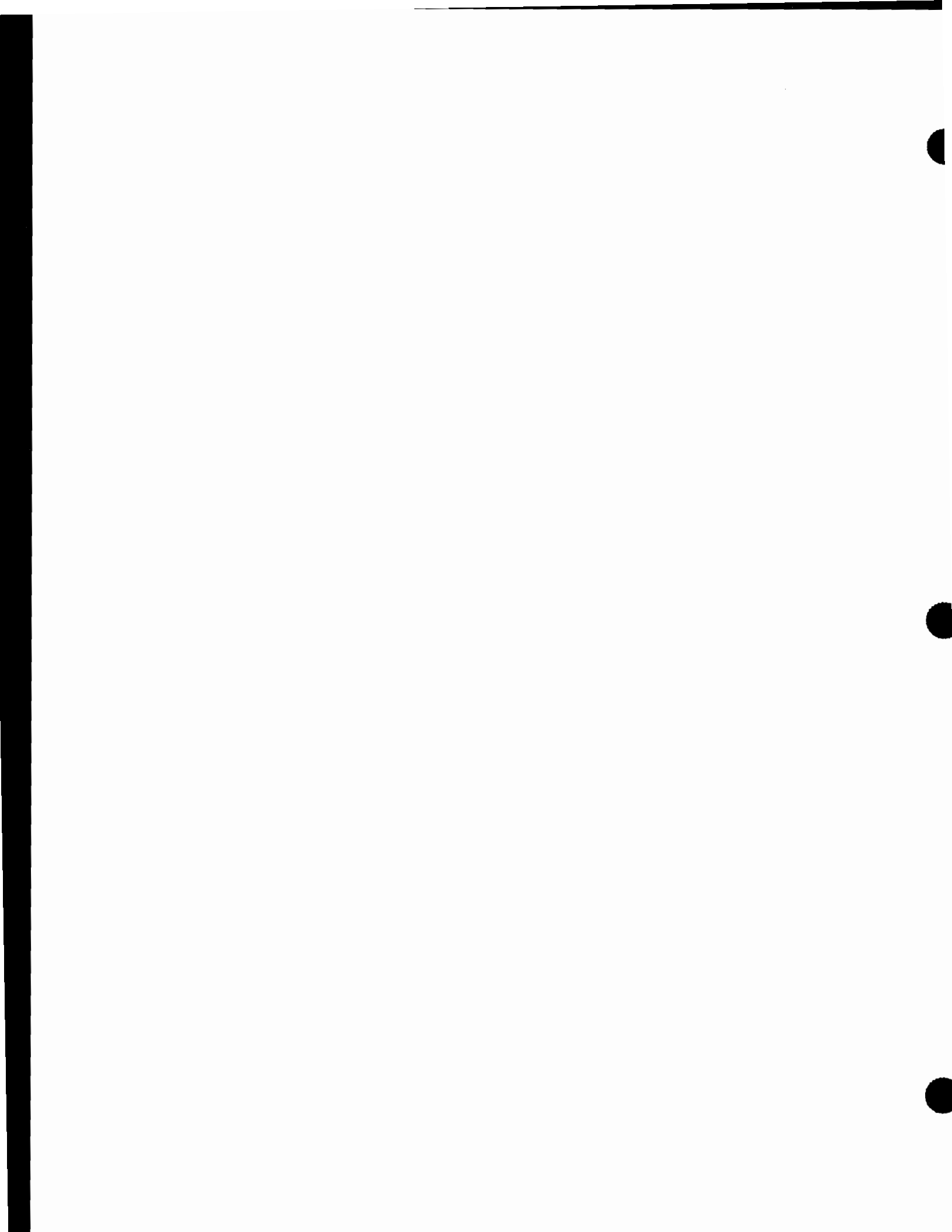
1 real thrill."

2 The success and recognition began
3 almost immediately after the beautiful
4 pavilion and the huge riverboat were joined.
5 People came in ever increasing numbers.

6 Between 1997 and 1998, taxable
7 admissions more than doubled from 3.2 million
8 to 6.6 million. Argosy became the world
9 leader among riverboat casinos and the top
10 draw among attractions in this part of the
11 Midwest. Unmistakably, all the forecasts were
12 surpassed. "Nobody felt that it was going to
13 be as good as it turned out to be. And a lot
14 of credit goes to both the regulators, the
15 city who supported us throughout this process,
16 as well as our employees who made a huge
17 difference and made this thing even better
18 than people thought it could be."

19 During all this time, Argosy was
20 forging its partnership of progress with the
21 City of Lawrenceburg and Dearborn County. The
22 skepticism quickly waned.

23 WOMAN SPEAKER: "The people were, like
24 I said, they were skeptical at first, and then
25 they thought, well, gee whiz, after a while,



1 you know, this is going pretty good and now
2 you can see that Argosy is a part of us now.
3 It's a part of our community."

4 Since the beginning, Argosy has
5 generated almost a half a billion dollars in
6 taxes, which has gone to rebuild the
7 infrastructure of the city and the county.
8 The tax in the Conservancy District was
9 eliminated. Dearborn County has its own
10 tourist bureau and officials say Argosy has
11 become a magnet for tourism in the region.
12 And there is a community consensus that
13 Argosy's impact has been huge.

14 MR. AWAD: People say, well, Dearborn
15 County needs a large, stable industry. We
16 have one. Although it's not a smoke stack
17 industry, the casino brought the kind of
18 steady, reliable employment that people have
19 been searching for for a number of years.

20
21 NARRATOR: Five years after the
22 official opening, Argosy Casino and Hotel is
23 the county's largest employer. The most
24 popular riverboat casino in the world and a
25 partner in progress in close communities in



1 Lawrenceburg and Dearborn County, Indiana.

2 MR. BLOCK: We've been waiting five
3 years to use that shot of that alligator.

4 MS. BOCHNOWSKI: At first I thought it
5 was the Ohio River here.

6 MR. BLOCK: In the Certificate of
7 Suitability, Argosy committed to spend \$166
8 million on project development. Today Argosy
9 has spent more than 240 million or 74 million
10 more than projected on project development.
11 Argosy also pledged millions of dollars in
12 development agreement payments to the City of
13 Lawrenceburg. All of the payments were either
14 on schedule or ahead of schedule. Fixed
15 incentives totalling 31.8 million have been
16 paid. The fixed incentives paid to the City
17 were restricted to infrastructure improvements
18 ranging from an \$11 million expansion of a
19 regional waste water treatment plant and \$7
20 million to improve widening of U.S. 50, to
21 more than a million dollars for fire and
22 emergency vehicles, and 1.1 million for a much
23 needed water storage tank. The only ongoing
24 incentive payment to the City is the
25 contingent incentive or the annual fee



1 payment, which in 2,000 totaled \$27 million.

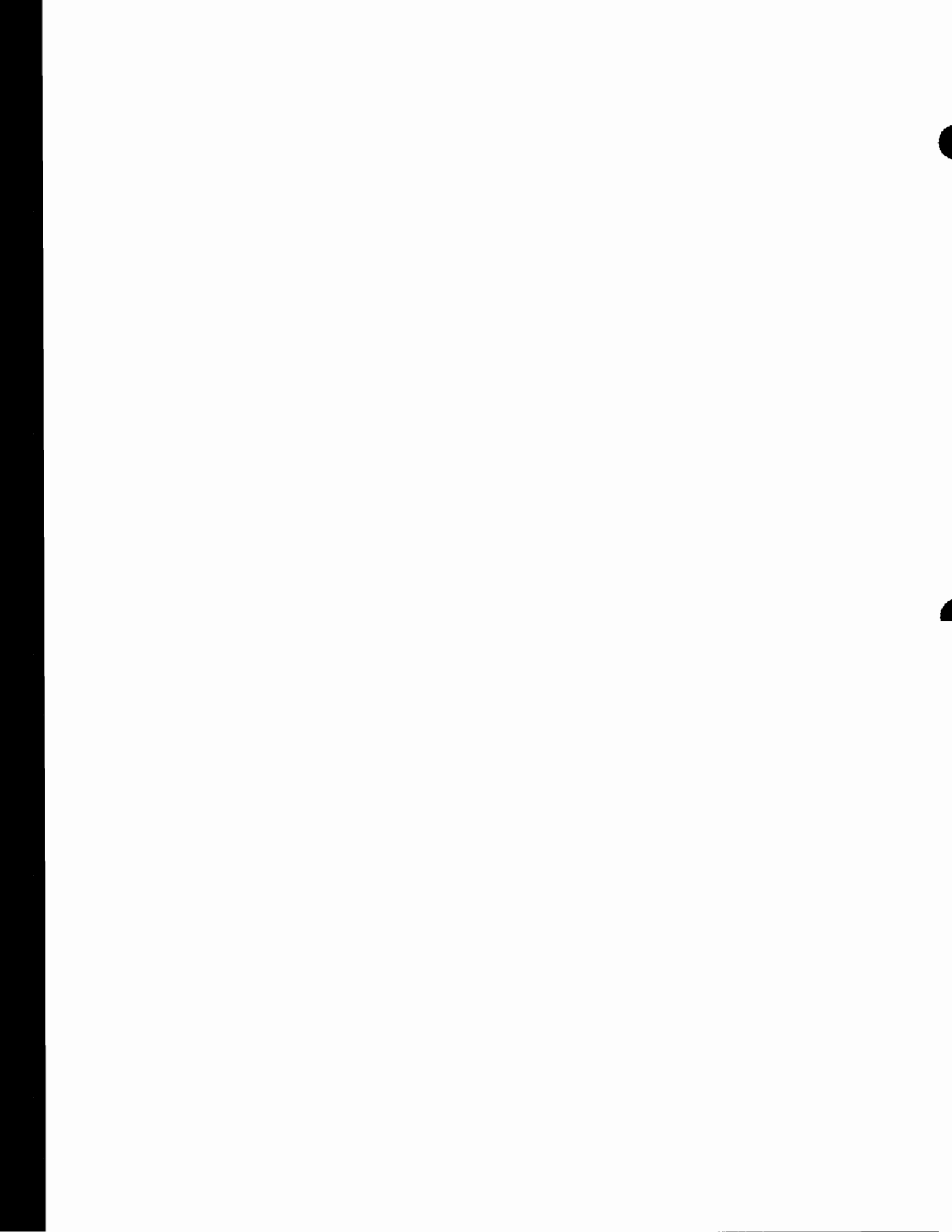
2 Argosy paid a total of more than 75.8
3 million in annual fee payments over the last
4 four years. The City shares 50 percent of the
5 annual fee with the Lawrenceburg Conservancy
6 District. The 2001 annual fee payment is due
7 January, 2002.

8 Through October, 2001, October, Argosy
9 generated \$93.3 million in admission taxes,
10 267.5 million in wagering taxes, and a hundred
11 and eight million in development agreement
12 payments, for a total of 469 million for state
13 and local governments.

14 The revenue is distributed like this.
15 The State of Indiana received 31.1 million in
16 admission tax and 200.6 million in wagering
17 tax, for a total of 231.7 million.

18 The City of Lawrenceburg received 16.3
19 million admission tax, 35 million in wagering
20 tax and 69.5 million in development agreement
21 payments, for a total of 120.8 million.

22 Dearborn County received 25.5 million
23 admission tax and 16 million in wagering tax,
24 for a total of 41.5 million. The county's
25 total gaming revenue includes 23.4 million in



1 waging and admission taxes that Lawrenceburg
2 shared with the county government.

3 The Lawrenceburg Conservancy District
4 received 38.6 in development agreement
5 revenue, shared by the City. The City also
6 shared 7.4 million in admission tax and
7 16 million in waging tax, for a total of
8 23.4 million distributed to incorporated
9 cities and towns, libraries, schools, Ivy Tech
10 State College and senior citizen and youth
11 groups.

12 Dearborn County shared 13 million in
13 waging and admission taxes with the
14 incorporated cities and towns, libraries,
15 schools, senior citizen and youth groups and
16 emergency services.

17 The State government has found many
18 uses for the 231.7 million in waging and
19 admission taxes generated by Argosy. Indiana
20 State Fair Board, Indiana Division of Mental
21 Health, Dearborn County Convention and
22 Visitors Bureau, Indiana Horse Racing
23 Commission, Build Indiana Fund and reductions
24 in other taxes and more. Of course, the
25 gaming tax revenue the City and county both



1 retained provides the opportunity for vast
2 infrastructure improvements.

3 The City of Lawrenceburg has made
4 significant improvements with more than
5 40 million in infrastructure improvements,
6 including \$11 million waste water treatment
7 plant, 10 million in street, sidewalk and
8 lighting improvements, 800,000 to purchase a
9 new police and city court building and
10 construction of a \$900,000 city garage and
11 utility building.

12 Other improvements includes \$5 million
13 Ivy Tech College campus, financed by the City
14 and a million-point-six in city pool.

15 The revenue has impacted Lawrenceburg
16 in other ways also. In 1999, the Lawrenceburg
17 Conservancy District, which maintains the
18 flood levy and flood control system,
19 eliminated its flood control tax for nearly
20 800 residents of Lawrenceburg and Greendale.
21 Conservancy District also has completed
22 millions of dollars in needed upgrades to the
23 existing flood control system.

24 The Conservancy District,
25 Lawrenceburg, Greendale and Dearborn County



1 teamed up in 2000 and 2001 to complete one of
2 the most significant economic development
3 projects in many years.

4 The 3.6 million joint project to
5 transfer the old Central Railroad of Indiana
6 embankment into a flood levy will protect
7 500 acres of developed and undeveloped
8 property. Argosy donated the old railroad
9 property to the Conservancy District. The
10 levy, which runs parallel to U.S. 50 in
11 Greendale is expected to soon get a final
12 stamp of approval from the U.S. Corp of
13 Engineers and FEMA, which will stimulate
14 tremendous commercial development.

15 Greendale Mayor Doug Hendrix says the
16 new levy would provide a development boon to
17 his city, hotels, restaurants and retail
18 chains are interested in developing portions
19 of the 280 acres of the undeveloped land now
20 protected by the new levy.

21 Dearborn County officials also have
22 made many improvements. The county has shared
23 about 12 million with cities, towns, schools,
24 libraries, emergency services, senior centers
25 groups and solid waste district. The county

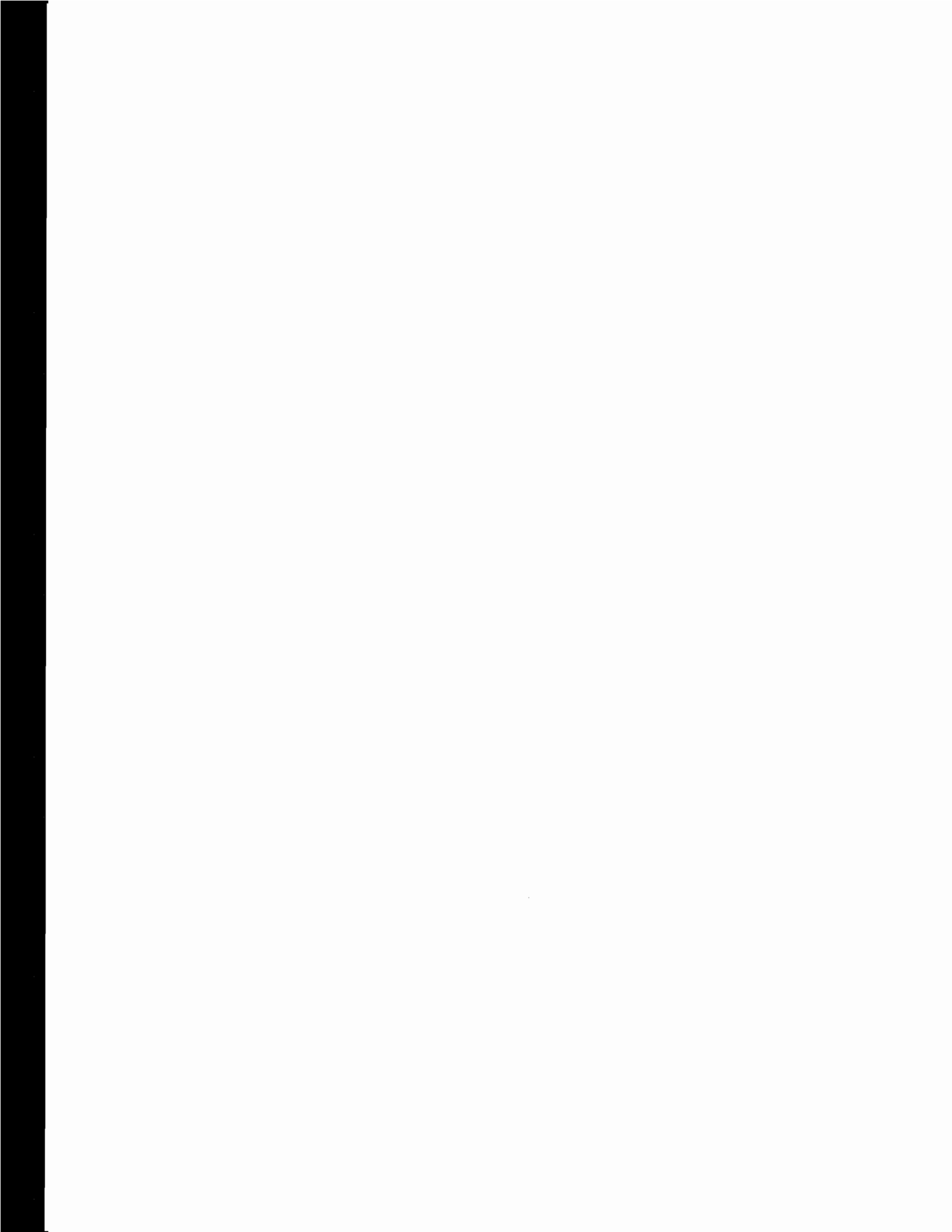


1 has completed nearly 20 million in road work
2 over the last four years, compared to less
3 than a million dollars annually prior to
4 Argosy's presence in Lawrenceburg.

5 The county also utilized its share of
6 riverboat gaming revenue to complete the \$4.4
7 million renovation of the historic county
8 courthouse.

9 Another decision by county leaders led
10 to the purchase of 202,000 to purchase the
11 smoke vision cameras for all county volunteer
12 fire departments to make firefighters' job
13 more safe. County council also okayed 350,000
14 in riverboat gaming revenue to double the
15 number of Dearborn County civil defense
16 emergency management tornado warning sirens.

17 Some of the other highlights of
18 revenue sharing in Dearborn County: 3.6
19 million project to provide the new flood levy
20 along U.S. 50 and Greendale; 1.7 million
21 endowment for the City of Aurora for debt
22 service on new capital projects; 21 million in
23 completed or ongoing capital improvements in
24 Aurora; 1.2 million in sanitary sewer line
25 extension to reach an extended area of



1 Greendale; and 2.3 million construction of new
2 waste water treatment plant in the town of
3 Moores Hill.

4 In its first five years of operation,
5 Argosy Casino and Hotel's adjusted gross
6 gaming revenue receipts have been over a
7 billion dollars, almost twice the 617 million
8 estimated in Argosy's application.

9 Argosy's earnings before interest
10 taxes, depreciation and amortization have
11 grown from a negative 10.2 million in 1996 to
12 over 133 million in the year 2000.

13 Additional local development:

14 Lawrenceburg continues to consider plans for a
15 multi-million-dollar downtown redevelopment
16 plan. Lawrenceburg and the Lawrenceburg
17 Conservancy District are moving forward with a
18 multi-million project to extend the earth and
19 levy, control levy west down river to near the
20 Aurora City limits to protect hundreds of
21 acres of undeveloped land in the future.

22 Historic Landmarks Foundation of
23 Indiana has completed renovation of several
24 historic properties in downtown Lawrenceburg.
25 Two properties have been sold and are in use



1 as business offices. The remaining
2 properties, including the Jesse Hunt House,
3 the first three-story brick building in
4 Indiana, are expected to be a part of a
5 downtown redevelopment project.

6 Construction on the \$512 million
7 public service electric and gas power plant
8 began earlier this year on the west edge of
9 downtown Lawrenceburg. This plant will
10 provide 250 construction jobs over the
11 two-year project. Once completed, it will
12 provide 40 jobs.

13 The city has worked with YMCA to
14 develop a center for teens in downtown
15 Lawrenceburg. The center provides tutoring,
16 exercise room, entertainment area and job
17 training. The center began operations in 2000
18 and will eventually expand to provide more
19 programs for teens and adults.

20 Lawrenceburg and Lawrenceburg
21 Conservancy District continue to develop the
22 riverboat park, which connects Argosy to the
23 downtown riverfront. The levy walk, which is
24 a recreational concrete path on top of the
25 earth and flood levy was completed in 1999.



1 The path includes historical markers to
2 educate visitors and residents on the history
3 of Lawrenceburg and Dearborn County. The levy
4 walk extends between Argosy's complex and the
5 casino's former home, or the temporary
6 location, which now serves as the City's dock.

7 The City and Conservancy District have
8 worked together to build a Serpentine wall and
9 a picnic recreational outdoor entertainment
10 area on the riverfront.

11 Another 1 to 2 million is expected to
12 be spent in 2001 to improve the outdoor
13 amphitheater on the riverfront only a block
14 away from Argosy 6 boat slip.

15 The City continues to financially
16 support the Lawrenceburg Main Street
17 Association to help promote downtown
18 revitalization. The Main Street group has
19 already successfully helped to recruit new
20 merchants and has provided grants for downtown
21 businesses seeking to replace or add signs,
22 awnings to store fronts. Nearly 60 merchants
23 have taken advantage of the sign and awning
24 program over the past two years. More than a
25 hundred other merchants and residents have



1 taken advantage of the paint and fix-up
2 program that provides thousands of dollars for
3 upgrading the exterior buildings in the
4 downtown area.

5 Main Street, with the support of the
6 Dearborn County Convention and Visitors and
7 Tourism Bureau, and the City also sponsors the
8 annual fall festival in downtown. Main Street
9 also presents a highly successful music on the
10 river series each summer.

11 Taxable admissions: The latest
12 available numbers for our area attractions are
13 from 1999. According to the Cincinnati
14 Enquirer, when Paramount's Kings Island drew
15 3.32 million, the Cincinnati Reds drew
16 2 million, the Cincinnati Zoo drew 1.3
17 million, therefore in 1999 alone, we outgrew
18 the three major attractions in the
19 Cincinnati/Tri-State area.

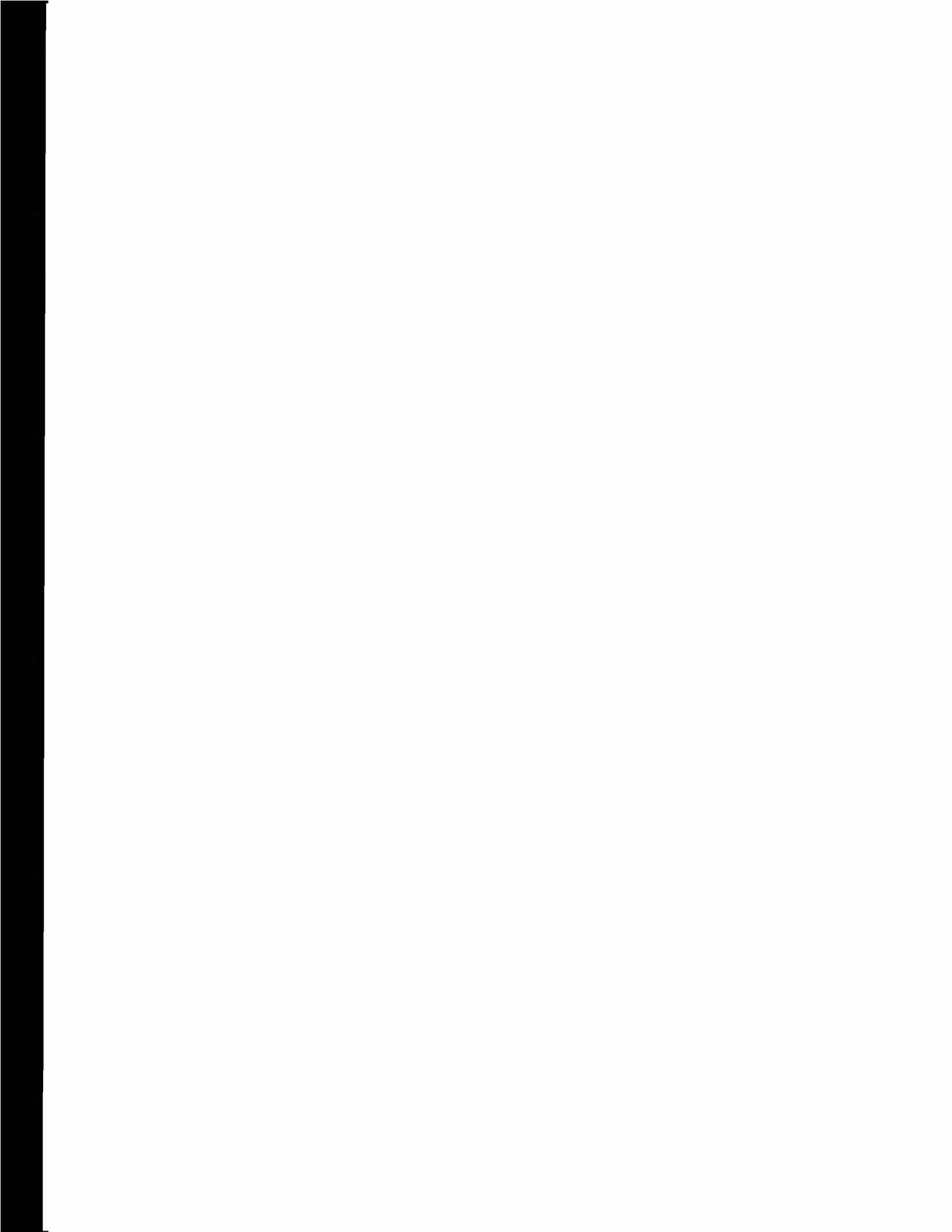
20 Argosy routinely has visitors from all
21 50 states and has been the number one tourist
22 attraction in the Tri-State area for nearly
23 four years. Argosy has recorded nearly
24 30 million taxable admissions from December,
25 '99, through July, '01.



1 In 2000, Argosy recorded 7.5 million
2 taxable admissions. Argosy's attendance has
3 increased steadily over the last four years.
4 Ten cents for each taxable admission at Argosy
5 is distributed to the Dearborn County
6 Convention and Visitors Bureau for its general
7 fund. Argosy has generated a total of nearly
8 \$3 million for the Bureau from December, 1996,
9 through July of '01.

10 According to the Dearborn County
11 Convention and Visitors Bureau, hotel
12 occupancy in Dearborn County has increased
13 each year since Argosy began casino
14 operations. The rising revenues from the
15 Dearborn County innkeepers tax illustrates the
16 increase in hotel business 120,000 in 1999 up
17 to 384,000 in the year 2000. Argosy pays
18 about 200,000 annually in innkeepers tax. Our
19 hotel opened in mid May of 1998.

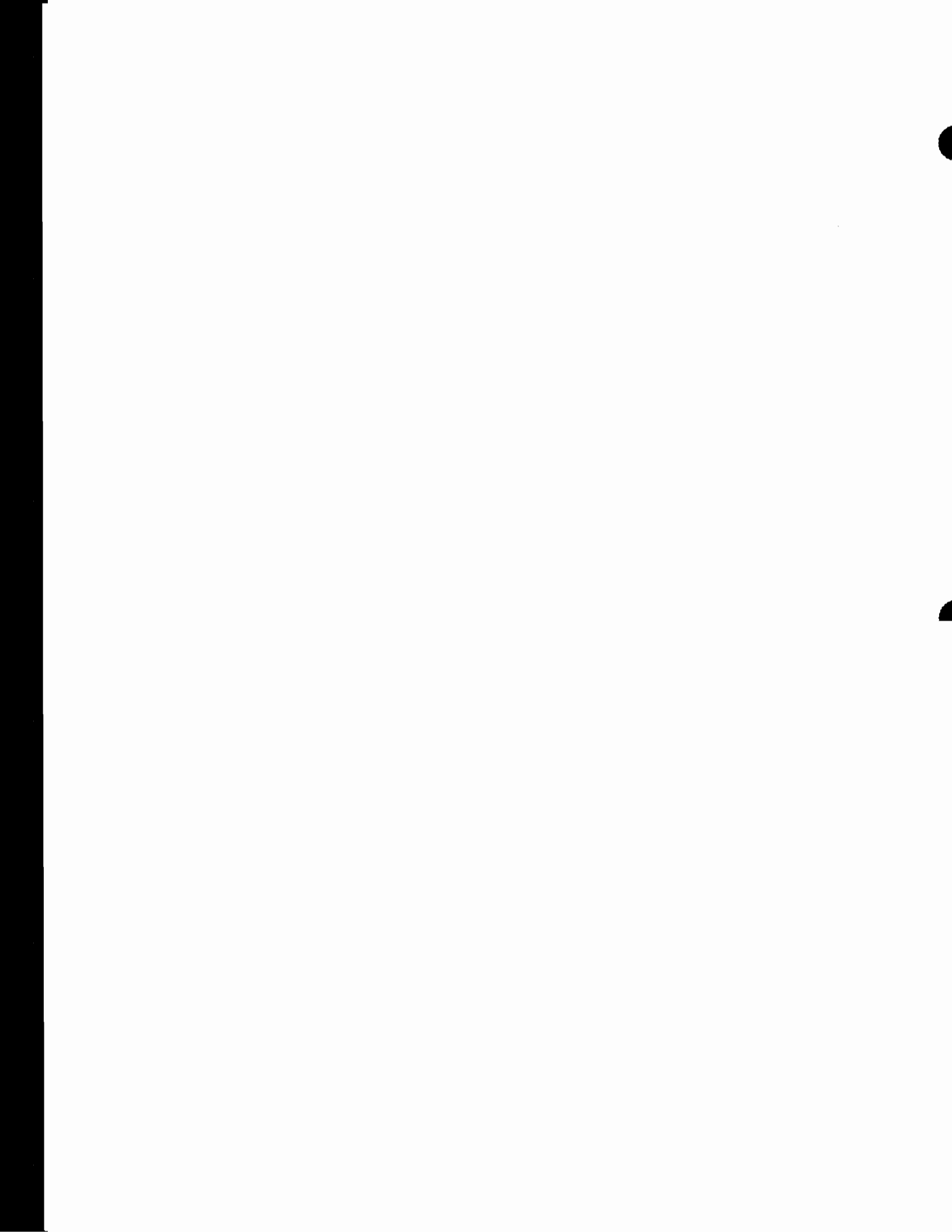
20 Argosy has tremendously expanded the
21 tourism business in Dearborn County, according
22 to studies commissioned by the Dearborn
23 tourism bureau in 1999 and '01. The studies
24 which credit Argosy with greatly stimulating
25 tourism activity in the area show that tourism



1 industry is growing in Dearborn County. The
2 studies by Surtech, Incorporated of Lexington,
3 Kentucky, show the tourism industry
4 contributed about 590 million to the County's
5 economy in the year 2000, which was a
6 12.2 percent increase over 476 million the
7 industry contributed in 1998.

8 The largest increase in expenditures
9 by tourists resulted in part from increased
10 attendance at Argosy and in part from
11 increased visitation to other local
12 attractions, according to the study.

13 I'd like to take a minute just to tell
14 you what we pride ourself in as operators.
15 The five-year projection was for Argosy to
16 employ 900 employees. Argosy currently has
17 approximately 2,400 employees or 1,500 more
18 than projected. Salaries and wages for the
19 year 2000 were approximately 76.9 million,
20 which nearly doubles the projected year for
21 salaries and wages of 41.4 million.
22 Minorities make up 7.9 percent of Argosy's
23 employee base, in comparison to Dearborn
24 County's minority population of 1.9 percent,
25 according to the 2000 U.S. census.



1 53.1 percent of Argosy employees are
2 female, 46.9 percent are male. The census
3 also reports the females make up 50.5 percent
4 of Dearborn County's population of 46,109.
5 Dearborn County's unemployment rate averaged
6 5.2 percent in 1996 when Argosy opened in
7 December. The County's unemployment rate is
8 2.7 percent as of March, 2001.

9 We have over 1,400 of our employees
10 represented by unions. Seafarers
11 International Union and the American Maritime
12 Organization are the bargaining unit
13 representatives for our employees.

14 Argosy provides training for all
15 riverboat-related positions and many other
16 non-casino and non mooring positions. All
17 Argosy employees receive three days of
18 orientation.

19 Argosy has developed a five module
20 core training program for all supervisors and
21 managers since opening. With more than 350
22 managers and supervisors, the training program
23 has contributed to lowering turnover year
24 after year since we opened.

25 Every month Argosy's human resources



1 analyzes turnover numbers, which are then
2 reviewed with department managers. Argosy
3 continues to reduce turnover each year from
4 72 percent in 1998 to a current tracking of
5 just 40 percent in the year 2001.

6 We have implemented an advanced
7 management training program on a limited basis
8 for selected individuals. Argosy supports
9 outside workshops, classes and certification
10 for staff at a cost of over 250,000 per year
11 to enhance skills and keep current with the
12 latest developments in many areas.

13 Pay for skills: We have developed a
14 program in several departments called pay for
15 skills. In food and beverage, cage and
16 credit, maintenance, slot technicians, the
17 program is designed to pay employees more per
18 hour if they cross train in another position
19 or increase their skill level in some way.
20 The more they learn, the more they earn. The
21 initial qualification for any pay for skills
22 program requires the employees to meet
23 standards of behavior, attendance and
24 grooming. Once these basic good behaviors
25 have been established, the employees may begin



1 cross training or increasing their skill
2 level. Once certified in the next position or
3 level the employees receive a pay increase.
4 In most departments, employees can move up
5 through at least five levels receiving pay
6 increases ranging from 25 cents to a dollar or
7 more with each new skill level. This unique
8 program has been accepted by the union and our
9 employees and allowed Argosy to develop more
10 highly skilled, better compensated, happier
11 employees while increasing flexibility in
12 order to better meet the needs of our
13 business. The program has been a win-win for
14 the employees and the company.

15 Customer courtesy, in 2001 we
16 initiated a customer courtesy program which
17 emphasizes employee eye contact, a friendly
18 greeting and a friendly departing comment with
19 the patrons. We refer to this as our eye
20 hi/goodbye program. The program is monitored
21 by secret shoppers and has quarterly
22 improvement goals with associated incentives
23 for all hourly and salaried employees.

24 For the first three quarters of this
25 year we have distributed over \$707,000 to our



1 Lawrenceburg employees for reaching the
2 specified goals. The program has been a huge
3 success in creating a new culture on our
4 property that translates into the type of
5 customer service we desire.

6 Benefits, Argosy offers employees the
7 following benefits: Medical, dental, vision,
8 cancer, disability, prepaid legal, 401(K) and
9 an employee assistance program. Since
10 opening, Argosy has paid out more than \$22.5
11 million in benefits.

12 Argosy employees receive discounts
13 with local vendors through a program that
14 allows vendors to advertise in employee
15 newsletters. The vendors offer discounts on
16 select goods or services or in turn for the
17 ad. The program also allows local vendors to
18 broaden their opportunities with our 2,400
19 employees.

20 Argosy has put a special emphasis on
21 programs and events for employees. The
22 company sponsors holiday parties for employees
23 and their children, benefits fairs and local
24 vendors, customer courtesy events to encourage
25 and improve customer interactions, and many

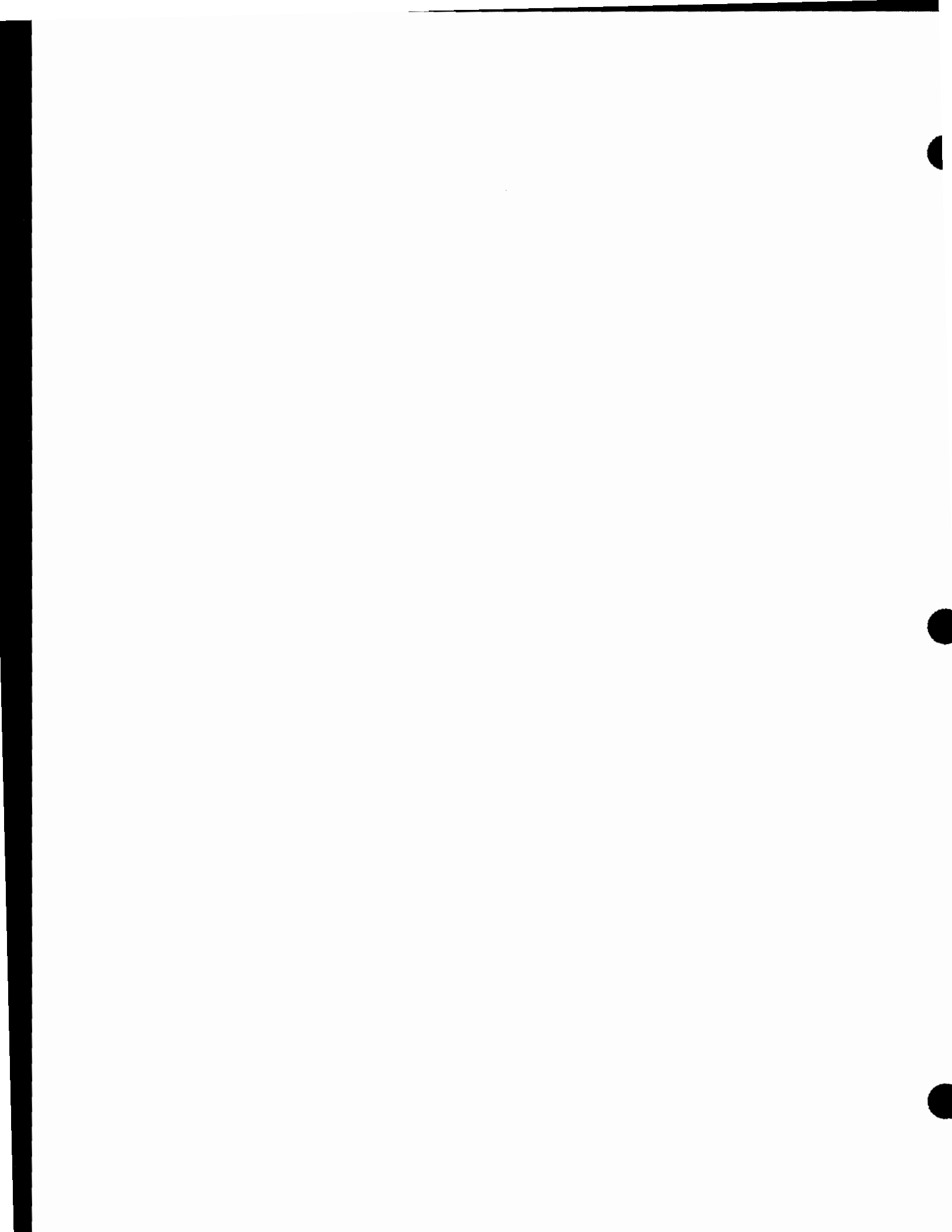


1 other smaller events at the department level.
2 We also annually support employee sports
3 teams.

4 Our reward and recognition programs
5 and employee-of-the-month identifies about 21
6 individuals that are examples of outstanding
7 performance to our customers and employees.
8 In addition, each department recognizes
9 another 15 to 18 employees monthly for various
10 extra efforts.

11 Developing a future work force:
12 Argosy works hard to continually develop its
13 future work force. The areas of concentration
14 are in the community we participate in events
15 to explain our business and the job
16 opportunities here. Job shadowing, we
17 encourage high school teacher and students to
18 visit us in non-sensitive areas.

19 Involvement with local high schools,
20 each year we visit local high schools for
21 their career days. We have minority job fairs
22 in Indy and Cincinnati. We are involving
23 selected employees to encourage management and
24 staff to annually identify potential
25 management candidates for a special training



1 program we have developed. We have
2 internships and recruiting programs with
3 Sullivan College, Cincinnati State in Food and
4 Beverage, Northern Kentucky University in
5 security, Purdue University and the University
6 of Indianapolis for hotel, and Indiana
7 University for marketing.

8 Responsible gaming: Argosy Casino and
9 Hotel is a consistent and active supporter of
10 a wide variety to promote responsible gaming.
11 While Argosy agrees with the national studies
12 showing the number of problem gamblers is very
13 small, our position that one problem gambler
14 is too many. Still Argosy believes the vast
15 majority of its patrons are responsible
16 citizens who enjoy the experience of riverboat
17 gaming for the entertainment on an occasional
18 basis. Argosy's policy is to comply with all
19 mandates of the Indiana Gaming Commission
20 regarding problem gambling and to go beyond
21 that voluntarily when Argosy's particular
22 market or a particular situation calls for
23 such a move. Argosy participates in and
24 supports responsible gaming programs and
25 initiatives sponsored by the Indiana Gaming



1 Commission, Indiana Division of Mental Health,
2 American Gaming Association, Casino
3 Association of Indiana, the Indiana Council on
4 problem gaming and the Kentucky Council on
5 compulsive gambling. We provide an avenue for
6 employees to seek treatment for problem
7 gambling through our employee assistance
8 programs services.

9 Even before opening day, the interim
10 casino in December of 1996, Argosy developed a
11 custom message and brochure promoting
12 responsible gaming. Gaming is fun and easy if
13 you don't go overboard. The brochure, which
14 is regularly updated, includes information to
15 help patrons recognize a gambling problem and
16 what a person can do if they believe they have
17 a gambling problem. The brochure provides a
18 telephone list of help referral lines.

19 Argosy has extended the custom message
20 of gaming is fun and easy if you don't go
21 overboard to the responsible gaming signs that
22 display the Indiana problem with gambling
23 referral line inside the casino as required by
24 the State of Indiana. Because Argosy has
25 visitors from all 50 states, nationwide help



1 referral lines are incorporated in our signage
2 and the brochure. Argosy voluntarily extends
3 the 1-800 number, Indiana problem with
4 gambling referral line to all print ads and
5 other marketing material, which is not
6 required by the state. The referral line
7 number is also printed on the back of every
8 boarding ticket and complimentary admission
9 ticket as required by the State.

10 Argosy's internal efforts to provide
11 the best training for its employees starts in
12 orientation, which includes training on
13 underage gambling, using Project 21, a program
14 developed by Harrah's Casinos. The new
15 training program for employees was developed
16 in 1999.

17 We hired a University of Cincinnati
18 professor specializing in addictions to teach
19 several weeks of classes on problem gaming.
20 The program was designed to help provide
21 Argosy employees with the necessary tools to
22 help a patron who seeks information about
23 problem gambling or a patron who seeks help.
24 The new training program was videotaped and
25 developed in a responsible gaming training



1 video in the year 2000. A brochure that
2 shadows the training class and video also was
3 developed for employees. The training video
4 is used in all departments for continuing
5 education for training new employees. A
6 national certified gambling counselor and
7 supervisor provided two days of mandatory
8 workshops for Argosy employees this past
9 September 6th and 7th as part of the
10 continuing education for employees.

11 Employee training includes providing
12 employees with information about Argosy self
13 banning policy. Employees are to refer anyone
14 seeking to ban themselves from the casino to
15 the security director who issues a letter to
16 the patron explaining the ban is permanent and
17 the patron is subject to arrest for trespass
18 if they return to the Argosy property. Photos
19 taken of the self banned patron for security
20 and surveillance identification, the self
21 banned patron is excluded from all future
22 mailings.

23 Four hundred persons have been banned
24 from the casino for reasons ranging from self
25 banning to behavioral issues. Argosy



1 participates in awareness programs sponsored
2 by the American Gaming Association, the
3 Indiana Council on Problem Gaming, the Indiana
4 Department of Mental Health and the Kentucky
5 Council of Compulsive Gambling. A member of
6 the management team serves on the Board of
7 Directors of the Indiana Council of Problem
8 Gambling. The same team member serves as
9 coordinator of the responsible gaming program
10 and attends appropriate conferences and
11 meetings.

12 Argosy is a founding member of the
13 Indiana Council on Problem Gambling. Argosy
14 also is a special corporate member of the
15 Kentucky Council on Compulsive Gambling since
16 1999 and is also a sponsor of the council's
17 annual conference each February. Argosy
18 Casino and Hotel's parent Argosy gaming
19 company is also a financial supporter of the
20 National Center for Responsible Gaming. The
21 NCRG is the first national organization
22 devoted exclusively to funding peer reviewed
23 research on disordered gambling. Argosy's
24 contribution supports scientific research on
25 gambling addiction and youth gambling.



1 Argosy had generated a total of more
2 than 3 million in casino admission tax revenue
3 for the Indiana Department of Mental Health
4 since the casino first opened in December of
5 1996. The 10 percent per taxable admission
6 required by the riverboat gaming law to be
7 paid to the Department of Mental Health helps
8 the department operate awareness programs and
9 campaigns, provides other services to persons
10 with gambling addictions and other addictions.

11 Argosy has verified 598,326 I.D.'s
12 from December, 1996, through August, 2001, and
13 has turned away 9,094 persons for either no
14 I.D. or for being under 21 during that same
15 period.

16 Continuing our business strategy. Our
17 strategy has been to provide the best
18 opportunity to win in each of our markets for
19 Argosy gaming. That translates to the loosest
20 slots or the highest payback for our patrons.
21 We believe we provide a better gaming value
22 when patrons are able to play longer on a
23 predetermined budget. This becomes most
24 apparent not only in our actually hold
25 percentage, but cruises per patron. We have



1 consistently led the State with the lowest
2 hold percentage and the highest number of
3 cruises per patron.

4 We have conducted numerous customer
5 surveys over the past five years. The
6 research was designed to determine what
7 influenced our players' choice for a casino
8 visit. We measured all the relevant factors
9 to determine what was most important to our
10 patrons. We have consistently concentrated on
11 the top five areas of importance and
12 perpetuate our strength regarding these
13 meaningful attributes. Our management team
14 maintains its emphasis on continually making
15 enhancements in these areas. We use this
16 guideline in affecting meaningful and
17 noticeable improvements to our operations to
18 enhance player satisfaction. These areas of
19 importance range from game selection to speed
20 of service.

21 Argosy's contribution to Dearborn
22 County and the tri-state community goes far
23 beyond monetary gifts. While Argosy has made
24 more than 500,000 in donations and
25 sponsorships, the company's management staff

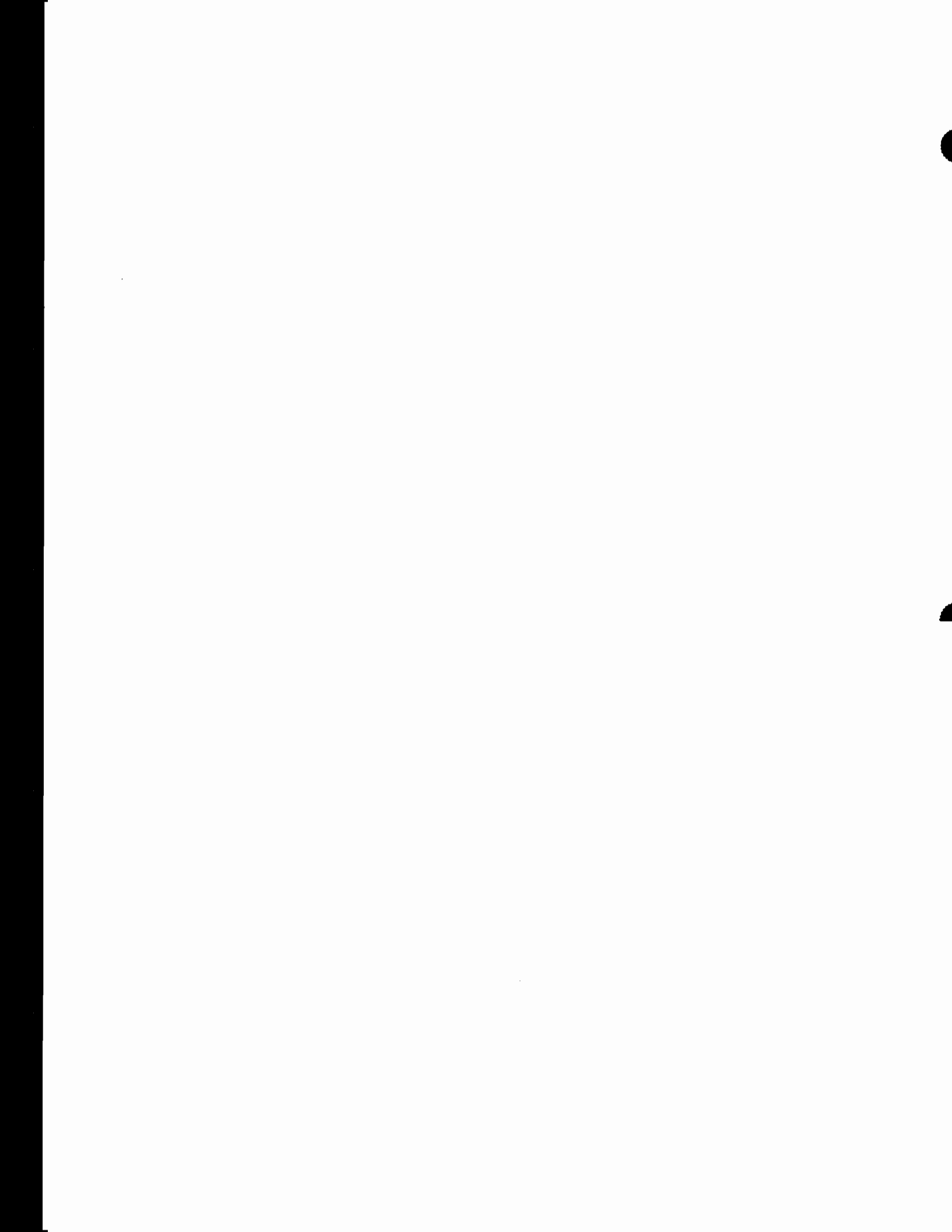


1 contributed to the community in meaningful
2 ways. Argosy management staff participate in
3 many different organizations in Dearborn
4 County and throughout Southeastern Indiana and
5 the tri-state region. In 2000 alone, members
6 of Argosy employee volunteer group, the Argosy
7 community action team, contributed over 350
8 hours of volunteer work on youth worthy
9 community projects.

10 Argosy's contributions and sponsorship
11 range from a \$20,000 donation for flood relief
12 in 1997 and sponsorship of Aurora Thunder
13 Regatta in Aurora from 1999 to 2001 to
14 providing cash donations and volunteers to the
15 local Salvation Army and the Warm the children
16 charity.

17 Argosy donated 6,000 to the Salvation
18 Army in '99 and contributed more than 21,000
19 over the past four years to Warm the Children,
20 a Dearborn County charity that is dedicated to
21 providing clothing such as coats, gloves and
22 shoes and more to children in need during the
23 winter months.

24 Argosy's management staff participates
25 in the following organizations: The Dearborn



1 County Chamber of Commerce Board; Dearborn
2 County Convention and Visitors Bureau Board;
3 Lawrenceburg Main Street Association Board;
4 Historic Landmarks Foundation of Indiana;
5 Greater Cincinnati Convention and Visitors
6 Bureau; Dearborn County Chamber of Economic
7 Development; Main Street Festival Committee;
8 Dearborn County Community Foundation Board and
9 Grants Committee; Kentucky Council on
10 Compulsive Gambling; Dearborn County Millennium
11 Committee; and Indiana Council on Problem
12 Gambling Board.

13 Argosy employees annually contribute
14 to the United Fund, United Way through payroll
15 deductions. The United Way of America chose
16 Argosy as one of 30 casinos from 22
17 communities nationwide to honor at a
18 Washington, D.C. ceremony on February 15, year
19 2000, for Argosy employees' support of the
20 United Way fund raising campaign.

21 Argosy workers also compete in an
22 annual employee talent show, which has raised
23 more than \$20,000 for Dearborn Shop-With-a-Cop
24 program. Shop-With-a-Cop provides children in
25 need with an opportunity to go shopping with



1 local police officers at Christmas.

2 Argosy Casino and Hotel is proactive
3 in its approach to reach the purchase goals
4 set for minority and women owned business.
5 Argosy has grown both MBE and WBE purchases
6 substantially since the casino's opening. MBE
7 purchases grew from 4.37 percent in 1997 to
8 the unaudited 12 percent through the first
9 three quarters of the year 2000, to surpass
10 the 10 percent required by the State. WBE
11 purchases grew from 4.31 percent in 1997 to
12 the unaudited 7.15 percent through the first
13 three quarters of the year 2001.

14 Earlier this year Argosy completed
15 what could be described as a business
16 incubator project with two Indianapolis
17 minority business owners, Jimmy Beard, the
18 owner of an established construction company,
19 and Todd Stewart, owner of a moving business,
20 were interested in starting a new business
21 together.

22 Over a 12-month period, Argosy worked
23 with Beard and Stewart and two existing food
24 suppliers to establish a new food service
25 company owned by the minority businessmen.



1 Bill Harvey, Director of Facility Operations
2 here at Argosy and Roger Schwartz, purchasing
3 manager, helped Beard and Stewart set up a new
4 business named TJ's Foods, Incorporated.

5 Argosy teamed up with TJ's owners with
6 two different existing Argosy food suppliers,
7 Doug Dale Beef Company, Incorporated, and
8 Alliant Food, both of Indianapolis.

9 Within a 12-month period of Argosy's
10 initial contact with Beard and Stewart, TJ's
11 received its State certification as a minority
12 owned business enterprise. Thanks to the
13 efforts of the Alliant and Doug Dale, Argosy
14 was able to assist Beard and Stewart in
15 starting their own food service business.
16 Much of the credit for TJ's success goes to
17 the two businessmen, Mr. Beard and
18 Mr. Stewart; however, Alliant Food Service
19 played the role of the mentor for TJ's.

20 Argosy officials told Beard and
21 Stewart from the beginning that TJ's had to be
22 willing to provide a quality product at the
23 right price and provide it when Argosy needed
24 it. The relationship has worked out very well
25 and TJ's is now soliciting business from the



1 state's other casino operators and even casino
2 operators in Las Vegas.

3 The project with TJ's has helped
4 Argosy increase its percentage of minority
5 business purchases, but also provides both
6 TJ's and Alliant with a chance to grow their
7 businesses as well.

8 Lastly, I'd like to just explain some
9 of the awards that Argosy has received. Over
10 the last five years, Argosy has been fortunate
11 enough to receive numerous industry-related
12 honors. Here are a few of the honors we have
13 received:

14 In 1998 Argosy Casino and Hotel was
15 honored as the Dearborn County company of the
16 year during the Envision Southeastern Indiana
17 Business and Industry awards banquet. Argosy
18 was honored for the tremendous economic impact
19 the company has had on the county and the
20 region. Envision Southeast is a consortium of
21 economic development organizations formed to
22 represent, promote and enhance the image of
23 Southeastern Indiana. Envision Southwest
24 represents Dearborn, Jefferson, Jennings,
25 Ohio, Ripley, Scott and Switzerland Counties.



1 In 2000, the editorial board of Casino
2 Executive Magazine, and industry
3 professionals, chose Argosy for Casino Company
4 Of The Year Award during the Aces of Gaming
5 Industry Annual Award Ceremony held in late
6 2000 in Las Vegas.

7 CEO Jim Perry was named the top
8 performing CEO in Argosy's annual report win
9 the Best Annual Report award for the third
10 straight year.

11 In 2000 the travel channel ranked
12 Argosy Casino and Hotel number four among the
13 world's top places to strike it rich. The
14 program which first aired in January, 2001,
15 included the places ranging from Las Vegas and
16 Atlantic City to Monte Carlos and the Kentucky
17 Derby.

18 In 2001 Casino Employer Magazine
19 readers earlier this summer voted Argosy
20 Casino and Hotel the best riverboat casino and
21 the riverboat where they feel the luckiest.
22 Casino player readers participated in the
23 magazine's sixth annual best of gaming readers
24 survey, also chose Argosy as the nation's best
25 in three categories: Best high limit slots,



1 best slots, and the best roulette.

2 2001, readers of Strictly Slots
3 Magazine, the nation's only magazine dedicated
4 exclusively to slot enthusiasts, voted Argosy
5 Casino and Hotel the nation's best overall
6 riverboat casino and luckiest riverboat
7 casino. Strictly Slots readers also voted
8 Argosy the best in the nation in five other
9 categories in the magazine's first annual best
10 of slots readers survey published in the
11 October edition. Argosy won a total of 14
12 awards in the nationwide survey.

13 Argosy's seven first place honors
14 were: Best overall slots, best overall
15 casino, luckiest casino, best nickel slots,
16 best quarter slots, best \$5.00 slots, best
17 high end slot area and best special events.

18 Argosy also received five second place
19 honors: Best reel slots, best dollar, most
20 comfortable casino, best slot club and best
21 comps.

22 Argosy finished third in the nation
23 for the most innovative casino and best slot
24 attendants category.

25 Also in 2001, the editorial Board of



1 Casino Executives Magazine and industry
2 professionals awarded Argosy best Board of
3 Directors and best annual report for the
4 fourth consecutive year.

5 At this time I'd like to introduce Jim
6 Perry, the CEO and president of Argosy Gaming
7 Company.

8 MR. PERRY: Thank you, Arnie.

9 Chairman Vowels, members of the
10 Commission, Mr. Thar, members of the staff,
11 thank you very much for this opportunity.

12 When I joined Argosy four and a half
13 years ago, my first official duty was to be
14 introduced at our manual meeting in Baton
15 Rouge, Louisiana. It was April of 1997 when
16 the Lawrenceburg boat was at its temporary
17 site with a temporary facility. And what I
18 said there still holds true today, that the
19 most valuable asset that we have in this
20 company is our license to do business in each
21 of the states where we do business. And I
22 want to thank you for the opportunity to have
23 been part of the Indiana experiment with
24 casino gaming.

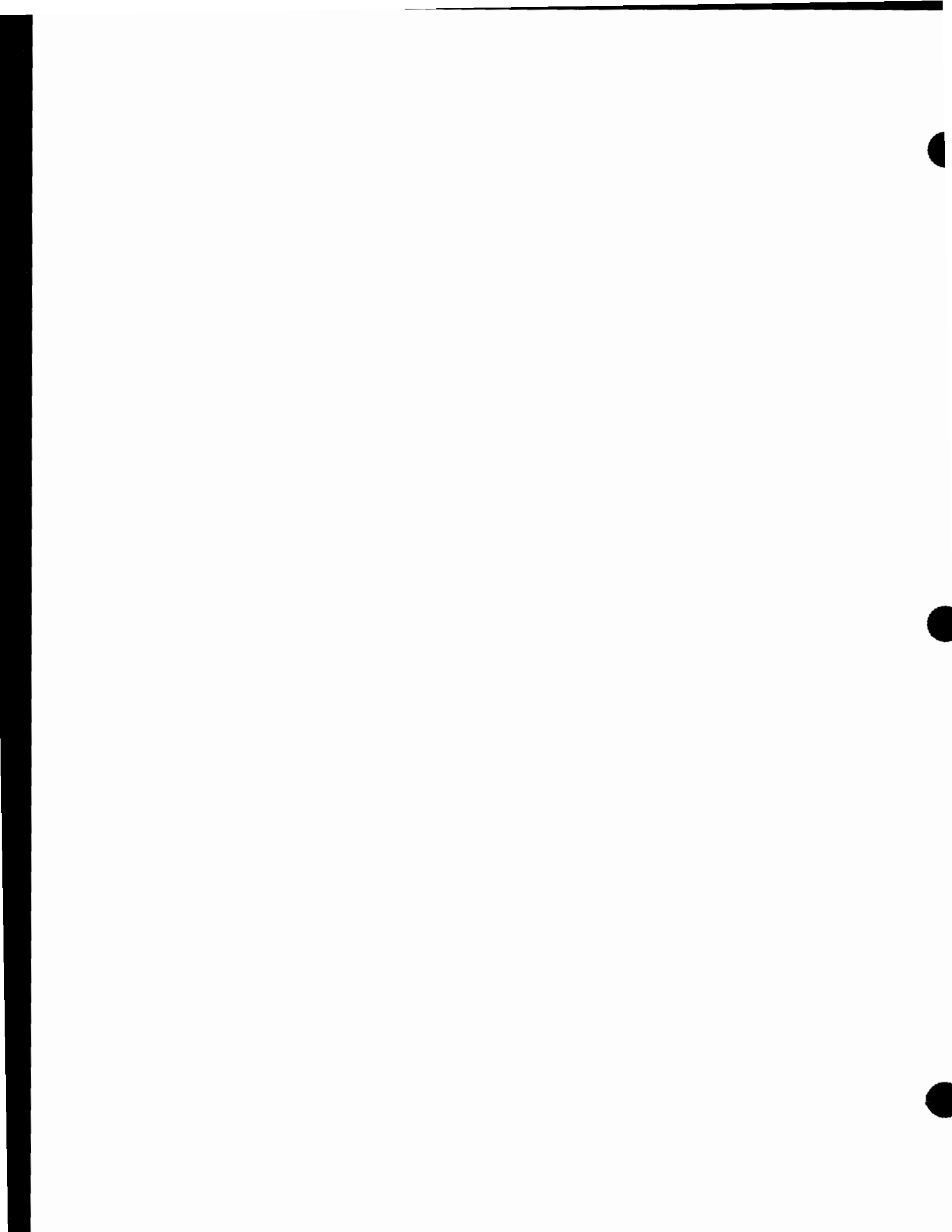
25 It's clearly been very important to



1 Argosy, our employees, the customers that we
2 serve in this community, as well as our
3 shareholders. We value the relationship we
4 have with this Commission, as we do with all
5 the Commissions where we operate. And we
6 understand how important it is that a good
7 regulatory scheme is all part of our ability
8 to, not only do business and serve the
9 community, but also to raise money in the
10 investment community because the investment
11 community supports those states that have a
12 good regulatory framework to assure the
13 shareholders or the bond holders that this
14 would be a good place to do business.

15 With that, I'd like to talk just a
16 little bit about what the company's goals are
17 in terms of Argosy corporate and what they
18 mean for our future in the State of Indiana.

19 As Arnie mentioned, Argosy has had a
20 lot of success in the last several years, both
21 here in Lawrenceburg but also throughout the
22 country. In every one of our markets, we have
23 a disproportionate market share of revenue
24 versus our competitors. In other words, our
25 market share of revenue exceeds our market



1 share positions in every one of our markets.
2 And in most of the markets where we operate,
3 we operate with higher margins. We think
4 that's because we really are focused on our
5 customers. Arnie mentioned that we survey our
6 customers annually to find out what's
7 important to them and how we stack up.

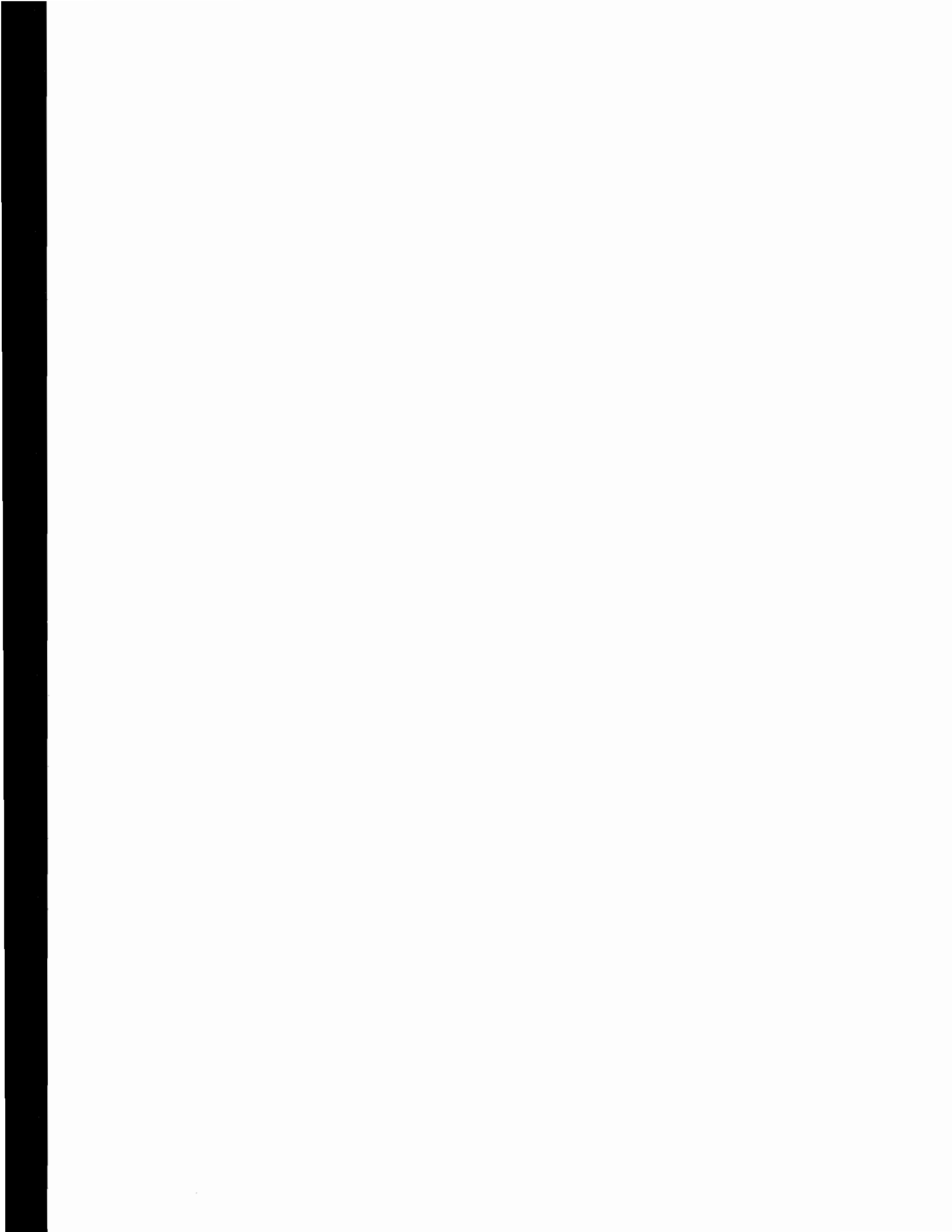
8 And in every one of our markets, the
9 three most important categories of customer
10 importance in the selection of their casino
11 are cleanliness, attentiveness of staff, and
12 the best gaming product available. And you
13 can see from these five awards that we've won,
14 the casino customer courtesy program that we
15 have installed here which has created a
16 perceptible difference in how our customers
17 are treated as well as our continuing
18 maintenance program to make sure that our
19 facilities are well maintained, are all part
20 of helping us to achieve not only financial
21 performance, but also customer satisfaction as
22 well.

23 In the past several years Argosy has
24 committed dollars, the Board of Directors of
25 Argosy has committed dollars to improving its



1 existing facilities. We spent over \$25
2 million in Alton to improve the facilities in
3 Alton. We are in the -- we have also
4 completed a hotel in Baton Rouge, Louisiana,
5 in addition to 5 million of additional
6 spending to improve our boat there. And we
7 currently have plans to, on the drawing board,
8 waiting for approval, to build a barge in
9 Kansas City. Our project there, we have the
10 one remaining boat in the City of Kansas City,
11 everybody else has a barge there. We are
12 committing additional monies to Sioux City
13 where we have a barge there that is in need of
14 renovation. And with our acquisition of the
15 Empress Casino in Joliet, Illinois, we're just
16 starting planning to improve and build a barge
17 there.

18 We would like to continue to invest in
19 the State of Indiana as well. We think
20 there's an opportunity here, as Arnie said, to
21 the building of a hotel, expanding our current
22 hotel in conjunction with approvals from the
23 City. We think that we can help to make
24 Lawrenceburg an increased destination,
25 regional destination resort, which would help



1 not only to improve the result at Argosy but
2 also to improve the regional attractiveness of
3 Lawrenceburg as a recreation area. So we are
4 committed to continuing to spend and invest in
5 the State of Indiana.

6 I'd also like to take this opportunity
7 to acknowledge all the employees that have
8 helped make Argosy the most successful
9 riverboat casino to date in the State of
10 Indiana. We think that the employees here who
11 have been, I think well trained, led well by
12 Arnold Block and his team, have done a great
13 job of making this a very successful property,
14 one that I think that everybody Indiana State
15 can be proud of and one we're very proud of as
16 well. Thank you for this opportunity.

17 MR. BLOCK: Chairman, at this point
18 I'd like to introduce Mayor Paul Tremain,
19 mayor of Lawrenceburg.

20 MAYOR TREMAIN: Mr. Chairman,
21 Commission, my name's Paul Tremain and I'm the
22 mayor of Lawrenceburg. And one of the unique
23 facets of being a mayor is I was county
24 commissioner when the riverboat law was passed
25 and I have spoken before you before.



1 Today I would like to thank you for
2 awarding Argosy the license. The projects and
3 the infrastructure that has been spoken of,
4 that we've been able to complete as well as
5 county and adjoining cities, has been a
6 benefit to all. We are presently, the three
7 cities, Lawrenceburg, Greendale and Aurora, we
8 all need to replace our water treatment
9 plants. We're going to build one. It's
10 easier for us to do it as one than it is as
11 three separate and economically it's much
12 cheaper.

13 Argosy has come into our community.
14 They've brought us wealth through taxation,
15 but which has enabled us to do projects that
16 we couldn't afford to do without raising tax
17 base. Today, if you go through town, you'll
18 see construction going on as we speak. We
19 have been able to upgrade everything from
20 storm sewers to sanitary sewers, water, piping
21 and facilities and electric substations, the
22 new waste water treatment plant and the
23 protection within the levy system the
24 conservancy is handling presently.

25 We have 23 businesses west of

1 Lawrenceburg that FEMA says are in a
2 floodplain and need waterproofing.
3 Conservancy's presently acquiring land and the
4 needed materials to build a levy around that
5 area. Without this income from the riverboat
6 gaming, we wouldn't have been able to have
7 done these projects, as I said, without tax
8 increases, and no one can afford that.

9 Our children have reaped a great
10 benefit from this and different programs
11 throughout the city and county, whether it be
12 educational, sports related. Lawrenceburg
13 built a new pool for their kids, which I'm
14 happy to say draws 250 to 300 a day,
15 everybody's happy and safe. But one of the
16 things that we were able to do for the kids
17 was build a tunnel underneath U.S. 50.
18 There's 66,000 cars a day go across U.S. 50
19 and our children were having to go to middle
20 school and high school, and that was one of
21 the two crossing points, and eventually there
22 was going to be accidents with pedestrians.
23 We just finished the tunnel right at the
24 beginning of school. The kids are using it
25 and it's a safety device that all can use but



1 mainly our children.

2 We continue to work together, which at
3 times in the past has been hard to do, and the
4 three mayors and the county commissioners and
5 the county council and city councils have
6 thrown in together and done certain things
7 together, which spreads out the wealth among
8 us all.

9 Argosy has been a very good neighbor
10 and business partner. They step up and help
11 the public with different charities and have
12 helped the city a great deal.

13 We have been able to work hand in hand
14 with them, as well as our other largest
15 industry is Seagram's. Lawrenceburg per
16 capita probably has more tax money coming in
17 the State than anywhere just in gaming
18 revenue, tax and liquor tax, the only
19 remaining distillery in operation.

20 But Lawrenceburg itself has seen all
21 the benefits that Argosy can bring, as well as
22 the populate people. The increase in
23 population somewhat, the jobs, 600,000
24 visitors on an average a month into our
25 community of 5,000. We have had very few



1 criminal incidents. I was also a policeman
2 when the temporary boat opened and everything
3 has been a positive for everyone involved.

4 If the Commission has any questions,
5 I'll entertain them.

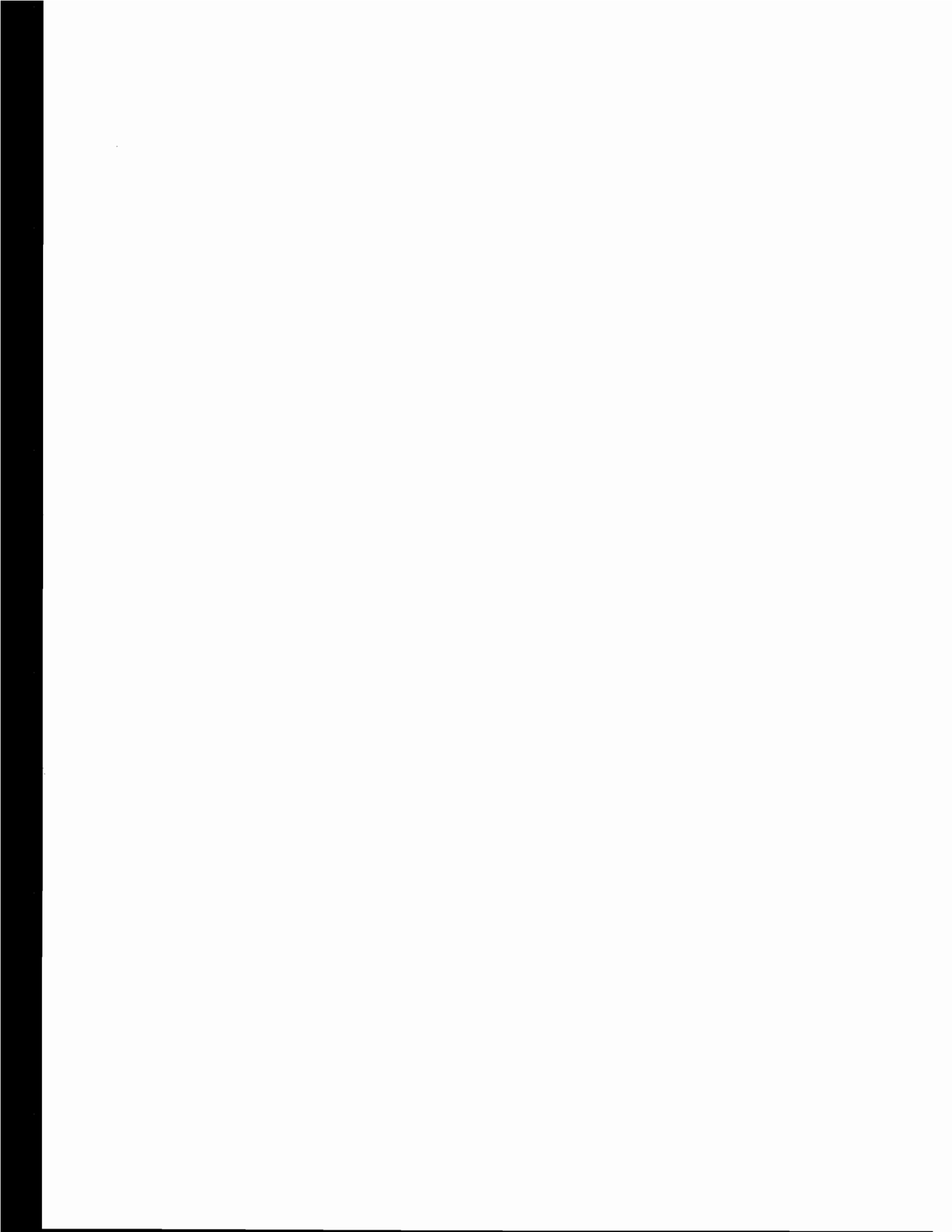
6 MR. VOWELS: I think we'll probably
7 start addressing everybody once we're finished
8 with the next two speakers, but I think we
9 probably do have some questions for you.

10 MAYOR TREMAIN: Sure. Thank you very
11 much.

12 MR. BLOCK: Chairman, I'd like to
13 introduce Mr. Barry Nanz, the chairman of the
14 Conservancy District.

15 MR. NANZ: Mr. Chairman, members of
16 the Gaming Commission, good morning. My name
17 is Barry Nanz. I am chairman of the
18 Lawrenceburg Conservancy District, sometimes
19 referred to as the LCD. I have been a member
20 of the LCD ever since it was reorganized as a
21 result of the early gaming issues in
22 Lawrenceburg.

23 For over five years I've interacted
24 with Argosy on numerous occasions on a variety
25 of issues. We have found the management team



1 at Argosy to be helpful, fair and willing to
2 put forth the effort, extra effort needed to
3 work and resolve problems and be a responsible
4 corporate citizen.

5 The old adage, "The time sure flies
6 when you're having fun," definitely applies in
7 my case because it has been a pleasure to be
8 involved in government at a time when you have
9 the resources to embark on projects to benefit
10 the community. This has all been made
11 possible by the presence of Argosy.

12 Lawrenceburg will be celebrating its
13 200th anniversary next year, and we're the
14 first generation who have the means to tackle
15 needed community improvements that make a
16 difference for the future generations in
17 Lawrenceburg, Dearborn County and the
18 surrounding areas.

19 When I was first appointed to LCD, we
20 had a system that was broken and in disrepair.
21 The first Army Corps of Engineers annual
22 inspection that I saw was many pages long,
23 listing deficiencies in the operation. As a
24 result of Argosy's presence and the infusion
25 of cash, our last report had no deficiencies



1 and actually gave us a compliment. I think
2 that's as a result of Argosy's presence.

3 A few of the projects that we have
4 accomplished are, is we've reinstalled riprap
5 along the river and both sides of the levy.
6 We built a plaza and park area along the river
7 walk that goes on top of the levy in the
8 waterfront area. We've rebuilt all four pump
9 stations and added emergency generation
10 capacities to three of them. We've created a
11 fund that is earmarked for covering ongoing
12 cost of operating the system in the future and
13 has allowed us to delete the conservancy tax
14 on present property owners, and this was at
15 its heighth a dollar 31 per \$100 assessed
16 evaluation.

17 We've worked with the City of
18 Greendale, in conjunction with Lawrenceburg,
19 to create additional flood district that is
20 now waiting the final FEMA approvals. We've
21 rebuilt the original floodgates. We have
22 finished two of them and have three more to do
23 as soon as we get the approvals and
24 cooperation from the railroad and Department
25 of Transportation. We have built steps at



1 various points to create more public access to
2 the riverfront.

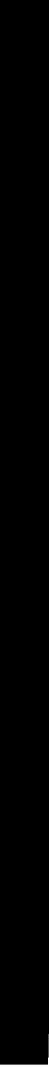
3 Our biggest project is just getting
4 underway, and that is a cooperative
5 undertaking with the City of Lawrenceburg to
6 create and build a flood district just west of
7 Lawrenceburg. This would start approximately
8 at the intersection of U.S. 50 and 48 and
9 continue west to the general area that's at
10 Lawrenceburg-Aurora city limits. This will
11 allow expanded development within the city and
12 will allow for a second bridge to be built
13 across the creek, which is long overdue and
14 much needed.

15 Without Argosy's presence in the
16 community, none of this could have been even
17 dreamed of, let alone accomplished, and I
18 would hope that you look favorably towards
19 renewing Argosy's license because in doing so,
20 you let the progress continue.

21 I thank you for your consideration.

22 MR. VOWELS: Thank you, Mr. Nanz.

23 MR. BLOCK: Mr. Chairman, I'd like to
24 introduce Jimmy Beard, president and owner of
25 TJ's Foods, our minority incubator project.



1 MR. BEARD: Good morning, Mr. Chairman
2 and members of the Commission, my name is
3 Jimmy Beard and I'm president of TJ's Foods.
4 And this is our director of marketing. All I
5 can say is -- Leslie Reed, I'm sorry. And I
6 need to say that we, we can't be remiss in
7 recognizing my wife who is a partner in TJ's
8 and also the one who actually runs the
9 business day-to-day. And, unfortunately, she
10 couldn't be here today because about 2:00
11 o'clock this morning, she was processing
12 orders for Argosy. So I would like to thank
13 you, the Commission, and also the Argosy
14 organization because you have truly created an
15 opportunity for us and our family to diversify
16 our business.

17 We began our relationship with Argosy
18 in the year 2000 where I met Bill Harvey. I
19 spent about two and a half hours talking with
20 Bill, and I would say probably two hours and
21 15 minutes of that was the philosophy of
22 business, how Argosy does business. He wanted
23 to know about J. Beard Management and about
24 Stewart Moving & Storage Company and what our
25 business philosophies were. And about 15



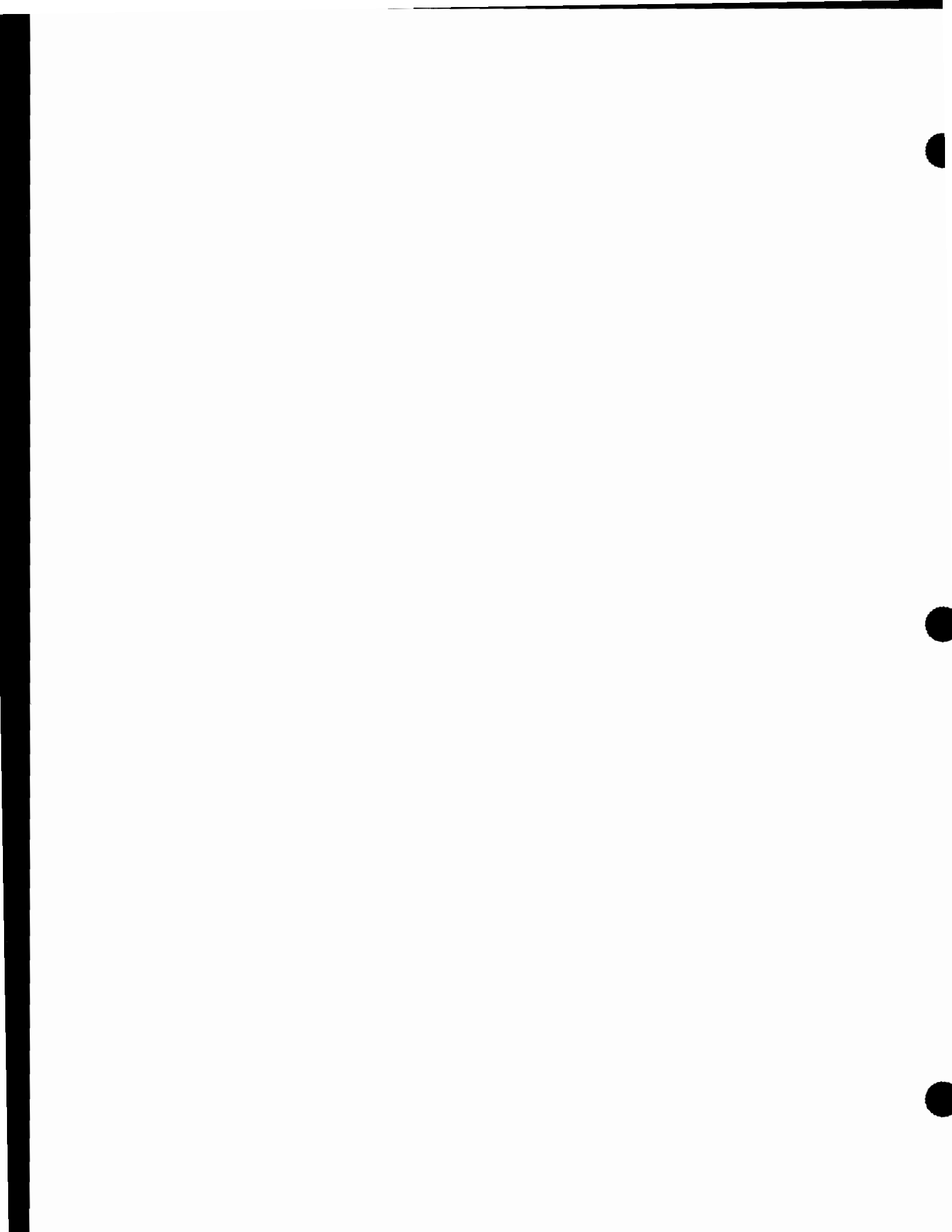
1 minutes of that was on minority participation.
2 We're a minority business enterprise. And I
3 don't feel that it was, that minority business
4 enterprise was not important to him, but I
5 think first he wanted to understand what our
6 philosophy about business was.

7 Since we started working with Argosy,
8 we've gone from literally zero -- don't let me
9 say zero -- our first order in August of 2000
10 was for \$1,976.47. Today we deliver in the
11 neighborhood of 15,000 to 22,000 a day here.
12 I would say that that is significant growth.
13 That growth came because I believe that we
14 have an organization in Argosy that is both
15 committed and creative. And when I say
16 committed, whenever there was an idea, I would
17 give Bill a call and he'd say, well, let me
18 think about it and I'll get back to you, and
19 he's always gotten back to us. And I believe
20 that is because, first of all, he is
21 committed, and not only him, there's the other
22 folks there, there's Roger Schwartz -- there's
23 a whole host of people here. This company is
24 really about great people. And when we made
25 the decision to get into the food business,



1 particularly dealing with casinos, my
2 counterparts in the construction business
3 assured me that I would just be eaten alive
4 and that this was an industry that probably I
5 would not want to be in.

6 But I must say after the time that I
7 spent in this so far, it has been a wonderful
8 experience, and I think probably we've been a
9 little bit spoiled by Argosy because as we
10 talk to others in the industry, we don't get
11 the same kind of, let me say, care and
12 concern. So I have nothing but good things to
13 say about the organization here at Argosy.
14 When I talk about them being creative and open
15 minded, we introduced an idea to them about us
16 putting a Ritters frozen custard franchise in
17 here and we talked to others about it and they
18 said, well, we already got yogurt here and
19 that was the end of that conversation. Bill
20 Harvey came up to Indianapolis, visited with
21 us and we visited with Bob Ritter, the owner
22 of Ritter's, who's working with us and sampled
23 the product and talked about how possibly we
24 could expand our business with Argosy, not
25 only with Argosy but with others. But



1 certainly we're comfortable and confident that
2 if we can become successful here at Argosy,
3 that we could expand this in other areas of
4 the city, and not only the city, the state and
5 country.

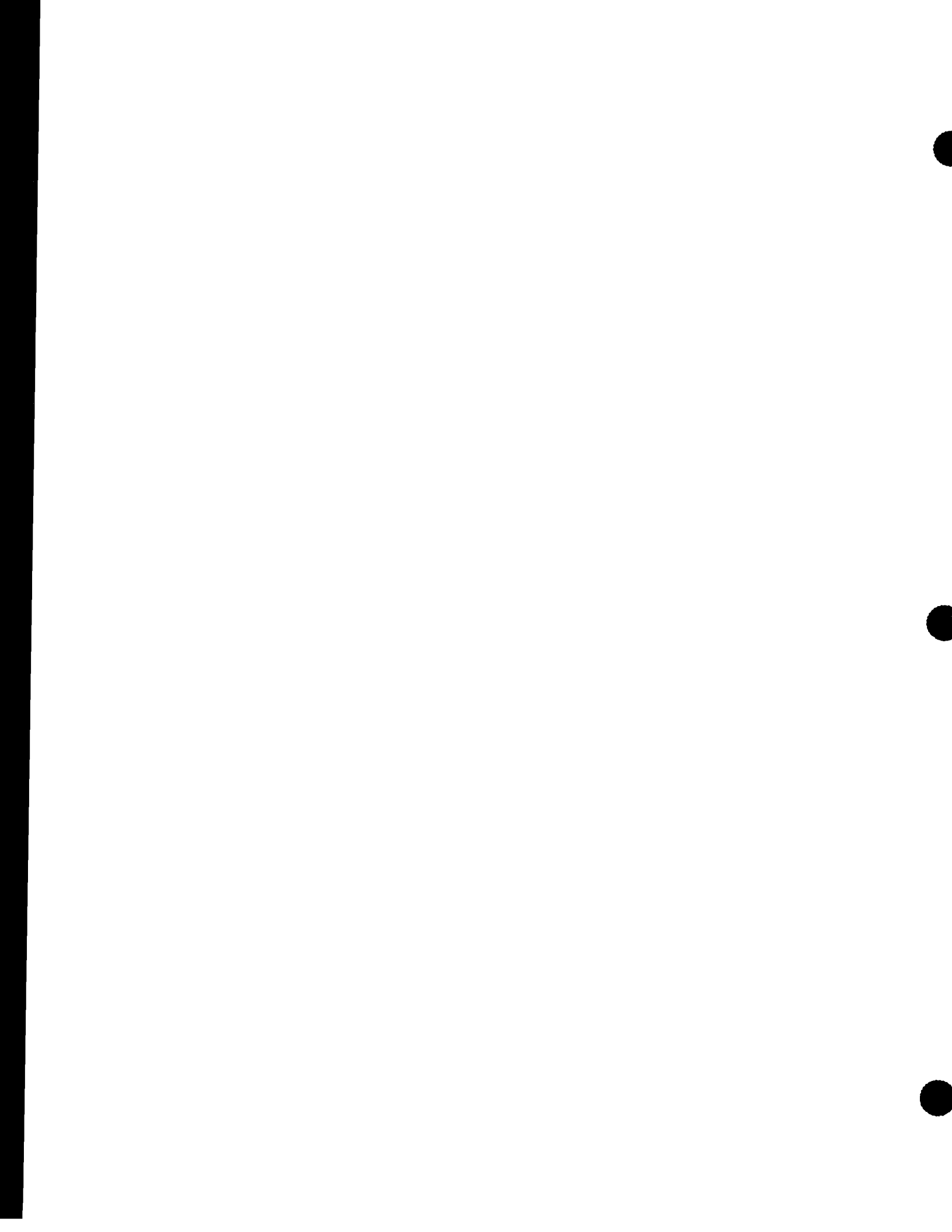
6 I truly believe that when this is all
7 said and done, the State of Indiana is going
8 to be a much better place for the residents
9 here. You've created opportunity, obviously
10 for all these people who work here, for the
11 Mike who's at the door, for the two Kathys
12 that are the servers, for the lady that we
13 referred to so kindly as the grim reaper. I
14 had my first experience at the casino boat, my
15 first ride on the boat, on a casino boat, was
16 yesterday, and I was pleasantly surprised.
17 The people here seem to enjoy what they're
18 doing. And as a business owner, if you don't
19 have employees that enjoy what they're doing
20 and enjoy where they work, you're going to
21 have a difficult business. There's no wonder,
22 for me, to understand why Argosy is as
23 successful as they are, it's because of the
24 people. So to them all, I say, thank you,
25 I've enjoyed my stay. We will return, but



1 we've got to work a little harder first before
2 the grim reaper, Martea and Tom, take
3 advantage of us again, and I don't want to say
4 take advantage, I'm saying we had a great
5 time.

6 For my staff, it has created an
7 opportunity, obviously, for Leslie, who is our
8 director of marketing. He's also with Indiana
9 Development Finance Authority, and we're
10 trying to convince him to show us how to
11 finance the building of the new facility to
12 supply food to not only Argosy but other
13 casino boats in the area. So we probably
14 would need to talk to the mayor and some other
15 folks because we, being so young, we've not
16 decided whether it would be better to put it
17 in Indianapolis or to try to build something
18 down here. But after spending the night down
19 here and getting that hospitality that this
20 community has had to offer, certainly you
21 would be at the top of our list as a place to
22 locate.

23 I'm going to end by saying thank you
24 from my partners, Rita Beard, Todd Stewart,
25 Leslie Reed, our marketing director, Stacy



1 Washing, who is in administration in our
2 office, John Miller, our truck driver, Kim
3 Jackson, one of our office administrators,
4 because it has been you and Argosy that's
5 helped create these opportunities for them.
6 And thank you.

7 MR. VOWELS: Thank you, Mr. Beard.

8 MR. BLOCK: Mr. Chairman, that
9 completes our presentation.

10 MR. VOWELS: One other person to
11 address the Commission is Robert Webster.
12 Mr. Webster, are you here? Apparently not.

13 Robert Webster. All right. Well,
14 let's take about a five-minute break and then
15 we'll come back for the question session.

16 (Short break taken.)

17 MR. VOWELS: All right, we'll go ahead
18 and call the meeting to order.

19 There was an attorney who had wished
20 to speak, I called before, Robert Webster, is
21 he here now?

22 As we indicated earlier, there was a
23 public comment sheet that could be signed up
24 and there's a gentleman, Frank Frable? Frank
25 Frable.



1 Mr. Frable, if you'd like to go to the
2 podium and address the Commission.

3 MR. FRABLE: Thank you for this moment
4 to address you, Chairman and members of the
5 Gaming Commission. I want to speak about the
6 granting of a relicense. I assume that that
7 means that you give your stamp of approval to
8 the operation of Argosy and of all aspects of
9 that operation. And the concern is that for
10 every dollar that a citizen gets in Dearborn
11 County, 45,000 of them, 5,000 of them in
12 Lawrenceburg get \$10. And my concern is that
13 you're putting your stamp of approval on a
14 situation in which there's a factor of 10.
15 Some citizens benefitting 10 times more than
16 other citizens.

17 Now, in talking or writing Jennifer
18 Arnold, she informed me, of course that this
19 was a strictly local situation, but even if it
20 is a local situation, a local decision, it is
21 not equal and should be addressed, and I
22 oppose the relicensing until this matter is
23 addressed.

24 Certainly a factor of five or a factor
25 2.5 would be more equitable. I would like to



1 have the Commission take that under
2 consideration before you make your final
3 decision. Certainly we've heard long stories
4 of the benefits and of the money and certainly
5 this is a good example of the golden rule,
6 gold certainly rules. And it is obvious that
7 Argosy will be here, even though I personally
8 oppose gambling, legal or otherwise. Reality
9 check is that Argosy will be here, will
10 continue to be here as long as the bottom line
11 is black. Thank you for your time.

12 MR. VOWELS: Thank you, Mr. Frable.

13 We'll go ahead and turn to the
14 question portion here.

15 Mr. Mayor, if you come on forward just
16 a second, I just have one quick question.

17 That back in -- years ago when we had
18 the hearings here, there was some discussion
19 about Seagram's and the -- there was some
20 initial opposition by them, if I recall, about
21 Argosy coming here. What's the situation with
22 Seagram's now? Do they still exist?

23 MAYOR TREMAIN: Oh, yes. I don't
24 recall that. I was a commissioner at the
25 time. I don't recall Seagram's opposing that.

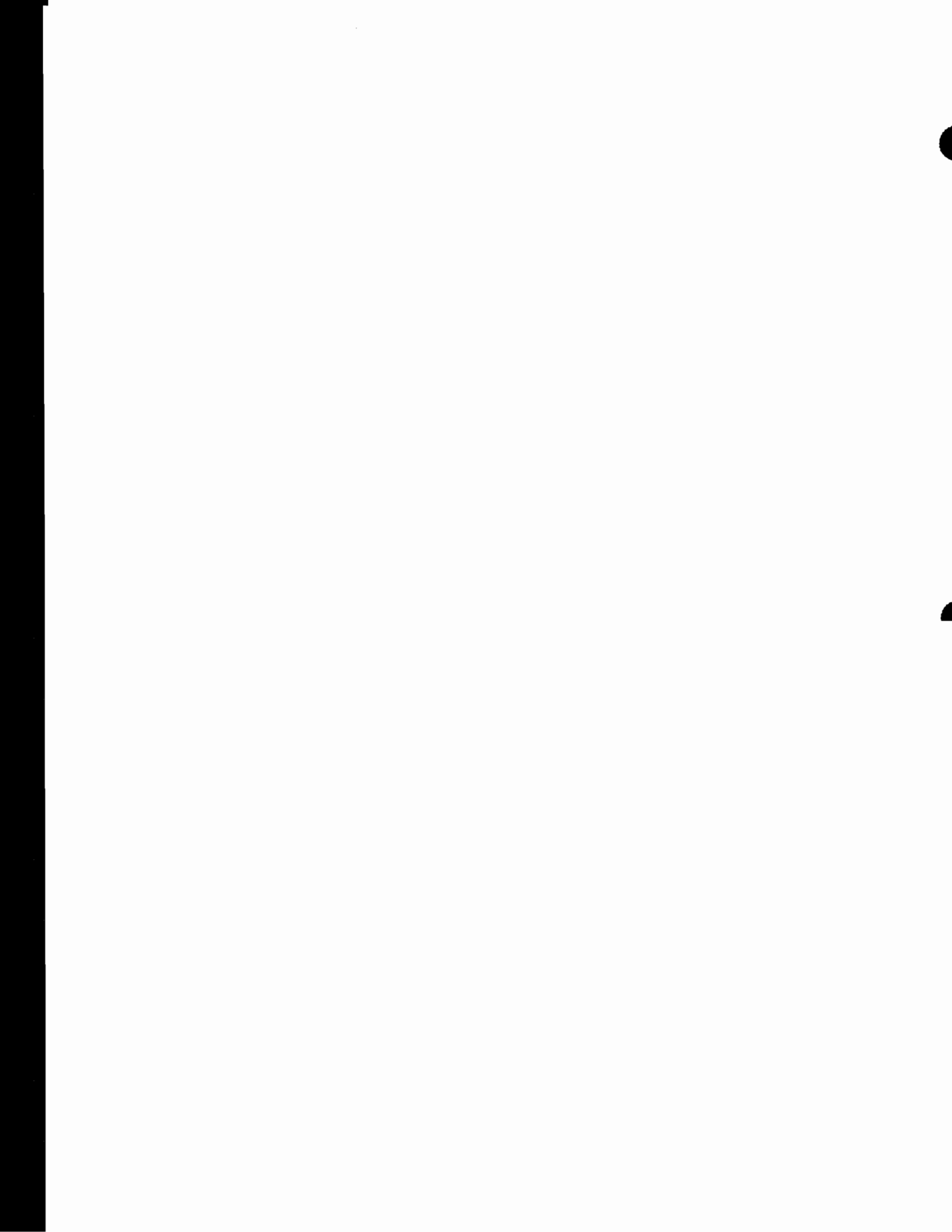


1 I can't say whether they did or didn't.
2 Seagram's is a very viable corporation in our
3 community. They're going through a sale
4 process, selling off brands and merging with
5 foreign companies out of England and France,
6 and they intend to stay here. They employ
7 roughly 650 to 700 employees presently.

8 MR. VOWELS: I remember there was some
9 testimony that they anticipated some negative
10 impact, and there was some infrastructure
11 problems that they foresaw, and I was just
12 wondering how they made out after all that.
13 But everything is going okay with them then.

14 MAYOR TREMAIN: Yes, sir. As far as
15 infrastructure, like I said, new sewers, storm
16 sewers, water and mainly for them electric.
17 They have their own water wells, Seagram's
18 does. That's one the reasons the distillery's
19 located here. But as far as infrastructure,
20 no problems there. We were able to keep up
21 with their needs, yes.

22 MR. VOWELS: Okay. One of the reasons
23 it sticks in my mind was because I remember
24 making the comment how proud my mother would
25 be that I was having to make a choice between



1 whiskey and gambling.

2 MAYOR TREMAIN: I did remember one of
3 the questions was the sewer, which water
4 treatment plant. That is owned by
5 Lawrenceburg, Greendale, Aurora and the
6 Seagram's Corporation. And one of the things
7 that Mr. Sprecker was the plant manager at the
8 time when I was a commissioner and he told me,
9 he said, we cannot take a two to three percent
10 markup. They were selling a lot of raw
11 spirits overseas, and they didn't want a
12 separate waste water plant built, they wanted
13 to expand on the one, which is what took
14 place. That was their main concern with that.

15 MR. VOWELS: Are there any questions
16 for the mayor while he's in front of us?

17 MS. BOCHNOWSKI: Well, one thing is,
18 and the gentleman who just spoke alluded to
19 it, and we just had hearings in Rising Sun and
20 went through this as well. How do you share
21 the revenue that you get, because obviously
22 there's really not that much difference in
23 size between Lawrenceburg and the other two
24 communities, and how do you make that
25 equitable?



1 MAYOR TREMAIN: Well, we share with
2 the school systems, all three in the county,
3 East Central School or Sunman Dearborn School
4 Corporation, South Dearborn and Lawrenceburg.
5 We share with the county itself, our boarding
6 tax goes to the county and the other
7 incorporated areas as well.

8 Certain projects they have, they come
9 to us, like the levy here on east end right
10 here that Argosy gave their railroad
11 embankment to. We gave Greendale a million
12 dollars. I think the price tag was three
13 something and they didn't have enough money,
14 and rather than going to bonding or tax
15 increase or affixing a possible flood control
16 tax or conservancy tax, which they were able
17 to drop in Lawrenceburg, we gave them a
18 million dollars just for that.

19 And people come to us for money. We
20 have the Dearborn County Foundation, we have a
21 school foundation where monies are available
22 for children's groups, whether it be little
23 league, pee-wee, Lawrenceburg's given \$60,000
24 last year -- 40,000 last year, 20 this year
25 just to the soccer for the area. They built



1 new fields. But there are ways that the
2 boarding tax goes to the county. We split all
3 of that right off the bat.

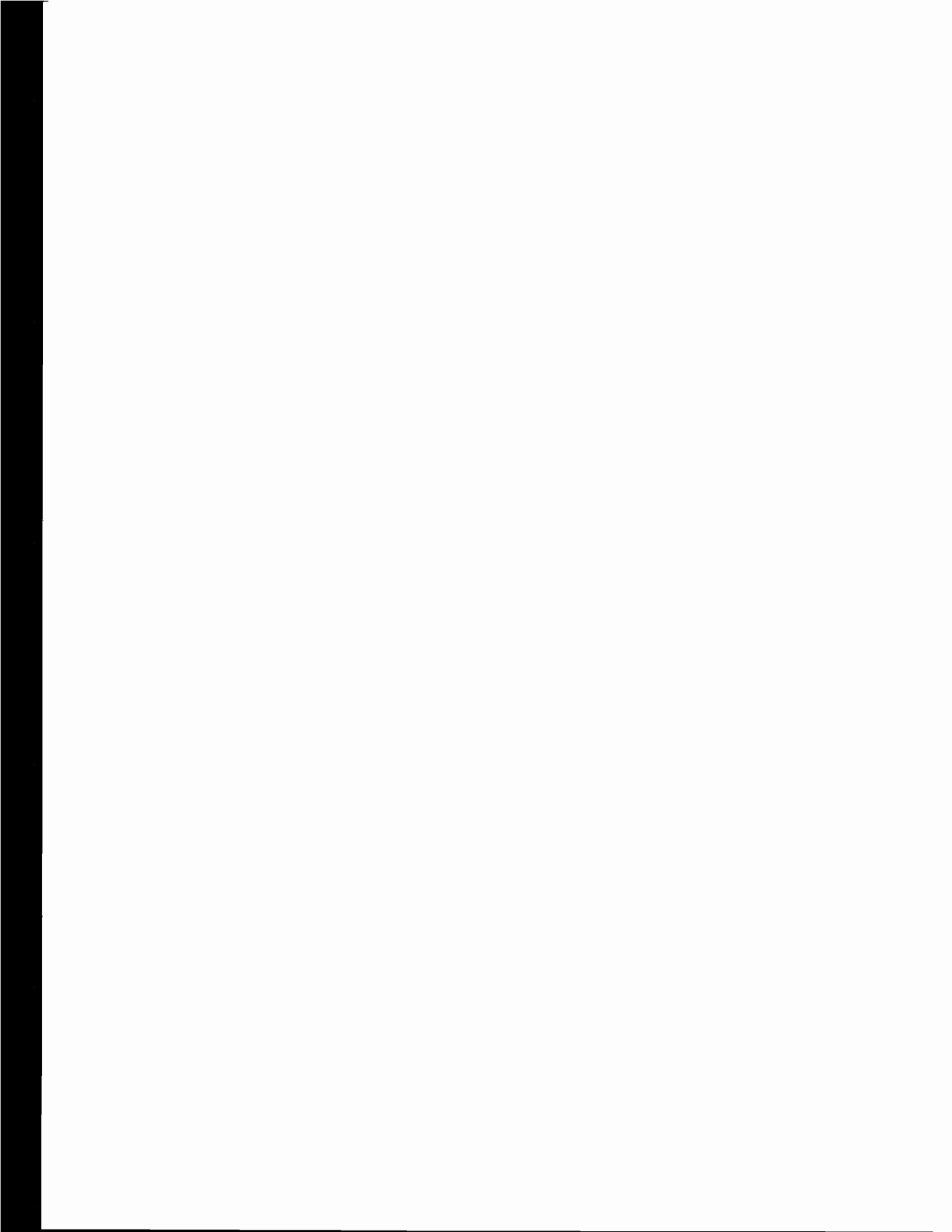
4 MS. BOCHNOWSKI: Well, I know that
5 there's a set way that that is done.

6 MAYOR TREMAIN: Yes, ma'am.

7 MS. BOCHNOWSKI: And you alluded to a
8 foundation so certain money goes into a
9 foundation and that is divided out?

10 MAYOR TREMAIN: Yes, ma'am. The
11 foundation has a board of its own and they
12 distribute the funds, Hart House, different
13 things, and I don't recall the entire list. A
14 lot of them are sporting events, whether it's
15 knot hole, pee-wee, little league, school
16 band. One of our youngsters here, I think
17 he's a junior now, got picked to go to the
18 American government school. He had to go to
19 Stanford University. We gave him money to do
20 that.

21 Right now -- and we make up what's
22 called an MDF budget. We started last year
23 working on the one for next year, which is
24 municipal development funds. I had put
25 \$2,100,000 in there, just for the fact that,



1 or a rule of thumb, a million dollars will
2 make \$50,000 a year in interest. Kids want to
3 go to college or trade school, they graduate
4 out of Lawrenceburg, we'll pay their tuition,
5 help buy books, help buy tools.

6 I worked when I went through college.
7 They can work and help themselves, but no one
8 in this community, or none of our kids, if
9 they want an education and can't afford it,
10 we'll help, and that's, mine's mainly based on
11 the youths and elderly right now.

12 We have two apartment buildings here
13 that are elderly based. You have to be a
14 certain age to get in. No elevators. Last
15 squad run, we had to carry them out. I'm a
16 volunteer fireman. We're putting elevators on
17 in. Like I said, in the interim,
18 Lawrenceburg, Greendale and Aurora, all three
19 need to replace their water purification
20 plants. We're going to build one, just
21 because it's more economical when we're all
22 hooked in.

23 So we try to spread it as much as we
24 can. First we need to get our own basic life
25 needs done.



1 Our storm sewers right out here, like
2 Mr. Vowels said when he come here five or six
3 years ago, they were brick. A lot of our
4 investment has went underground, actually,
5 just bringing the standards up to the present
6 time.

7 MS. BOCHNOWSKI: If I recall
8 correctly, there were some -- and you weren't
9 mayor at the time, but it seems to me there
10 was some ill feeling between Greendale and
11 Lawrenceburg and so on. Are you working
12 together pretty well now or --

13 MAYOR TREMAIN: Yeah, they used to
14 fight. You know, I was a commissioner when
15 they were fighting. We'd have these meetings
16 on splitting their money, you know, on how
17 they were going to do that, and they'd all
18 fight. Well, the mayor of Greendale and I
19 grew up together, he's a month older than me.
20 The mayor of Aurora's two years younger than
21 us, and we do everything as one, or as much as
22 we can. It doesn't matter to us.

23 MS. BOCHNOWSKI: That's good to hear.

24 MAYOR TREMAIN: Yeah, it is, and INDOT
25 liked hearing that, too. Any other questions?



1 MR. VOWELS: Anything further for the
2 mayor? Mr. Thar.

3 MAYOR TREMAIN: Yes, sir.

4 MR. THAR: Mr. Mayor, how much money
5 does the City of Lawrenceburg receive from
6 Argosy for taxes and the economic consignment
7 payments last year?

8 MAYOR TREMAIN: I know that we got
9 27 million, half of which goes to the
10 Conservancy District. I can't tell you the
11 total sum. The clerk/treasurer can give me
12 that report.

13 MR. THAR: Somewhere around 44, 45,
14 48 million?

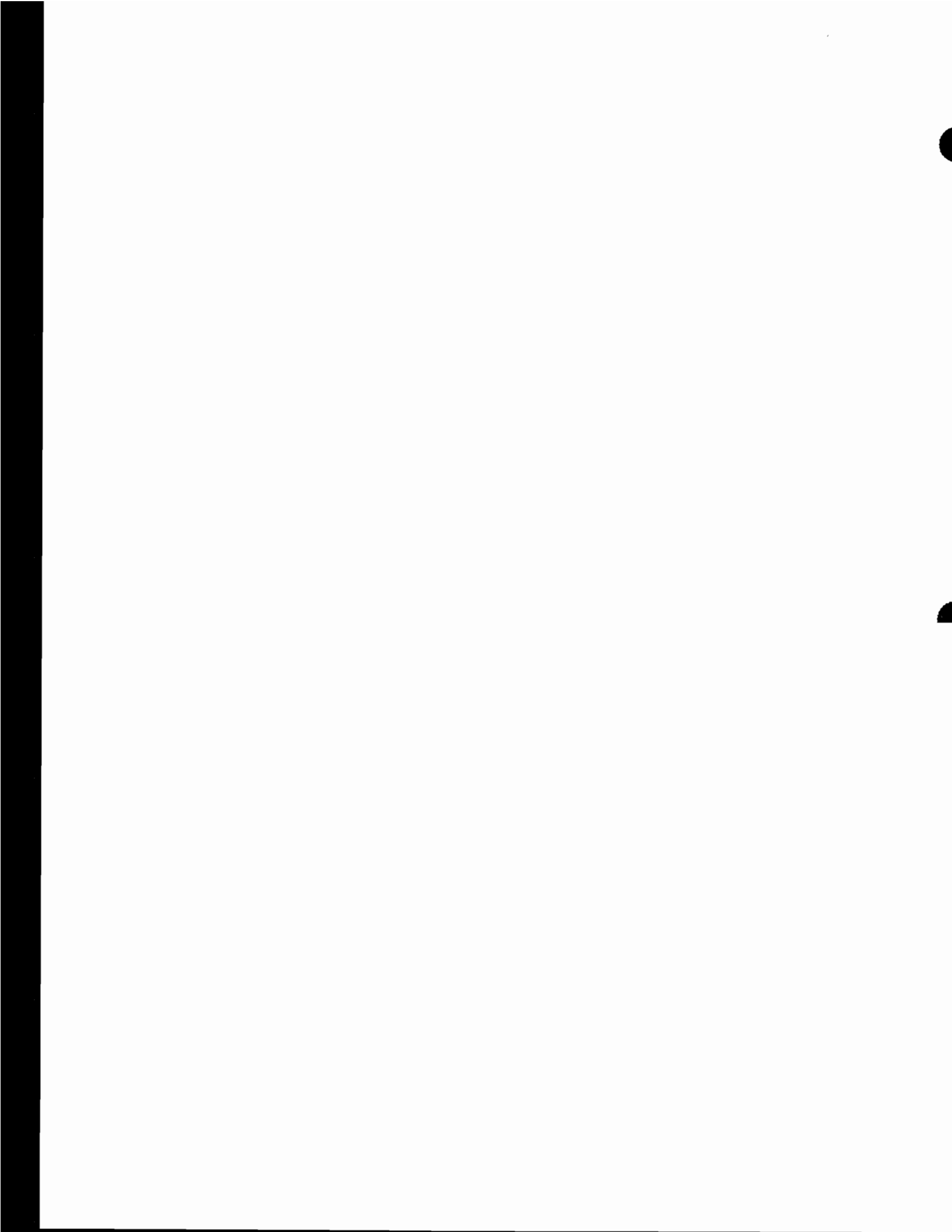
15 MAYOR TREMAIN: I don't recall. Is
16 that what it is? I don't recall.

17 MR. THAR: Our figures would show
18 that.

19 MAYOR TREMAIN: Okay.

20 MR. THAR: How much money is on
21 deposit by the City of Lawrenceburg that's not
22 committed?

23 MAYOR TREMAIN: Well, there's money
24 deposited in Lawrenceburg. The budget is
25 committed for the projects to finish our



1 infrastructure and that. The budget for next
2 year is 42 million alone and we have roughly
3 \$48 million in the bank.

4 MR. THAR: So you've got about
5 6 million?

6 MAYOR TREMAIN: Probably roughly in
7 that area. As long as the budget's approved,
8 and I don't foresee too many problems.

9 MR. THAR: What is your revenue
10 sharing formula?

11 MAYOR TREMAIN: I can't tell you that.
12 I do know that, like I said, it comes out of
13 wagering tax -- not wagering tax, boarding
14 tax. The breakdown goes from there, plus
15 monies to these foundations, but I can't tell
16 you exactly how it was laid out.

17 MR. THAR: Mr. Frable makes a point
18 that there are communities that were lucky
19 enough to have a boat that are very wealthy in
20 times when the State is in serious financial
21 need and a lot of other counties and people in
22 the State have nowhere near the opportunities
23 the City of Lawrenceburg does, and its
24 surrounding cities for which you're sharing
25 the money. There is concern in Indianapolis



1 that maybe some communities, if they're not
2 spreading the money properly or as much as
3 they can, may be capped in the future. I
4 mean, what's the population of Lawrenceburg?

5 MAYOR TREMAIN: The population of
6 Lawrenceburg is 5,000.

7 MR. THAR: And you received in excess
8 of \$45 million in one year?

9 MAYOR TREMAIN: Right.

10 MR. THAR: From a riverboat?

11 MAYOR TREMAIN: Yes.

12 MR. THAR: Do you see what --

13 MAYOR TREMAIN: Oh, I don't disagree.
14 I met, three weeks ago with Senator Johnny
15 Nugent, Representative Bob Bischoff and Cleo
16 Duncan, and her concern was that adjacent
17 counties in her district, which are Ripley,
18 Franklin, Ohio and Switzerland and Decatur, of
19 possible sharing funding. And I thought, I'm
20 a believer that yes, we should, but first let
21 me get my own basic life needs done. That's
22 where I am right now, just trying to catch up.

23 MR. THAR: There's no question as a
24 mayor that you have responsibilities to the
25 citizens of your town and the infrastructure



1 of your town, and you are in a position, at
2 least as I hear it, you're not only getting
3 what you need to have done, you're getting a
4 lot of things that are nice to have done.

5 MAYOR TREMAIN: Well, yes, a pool and
6 a tunnel, sure, but the other things are --

7 MR. THAR: Hallmarks?

8 MAYOR TREMAIN: Basic life needs,
9 that's what we're doing, yes. I mean, yeah,
10 we did --

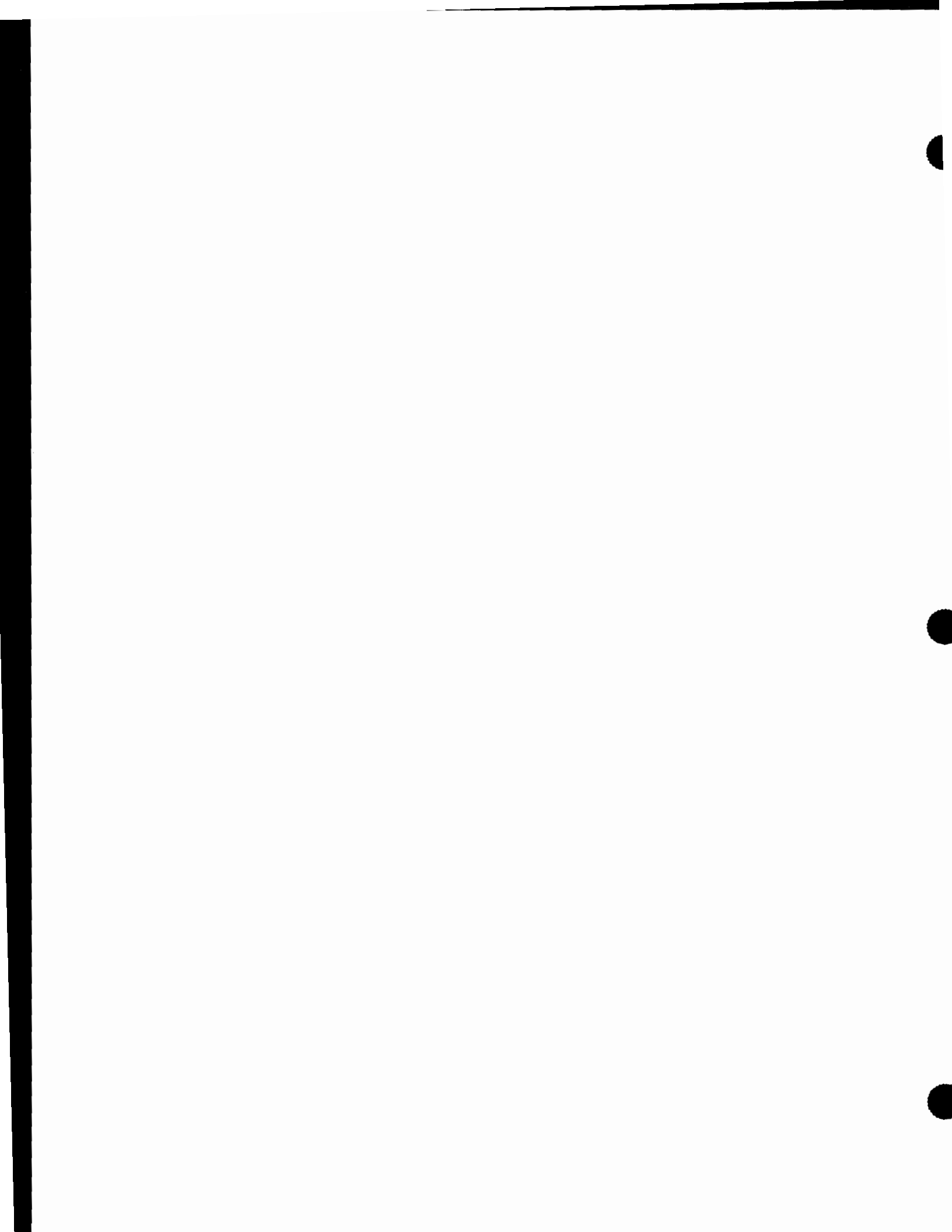
11 MR. THAR: You're beyond basic life
12 needs, you're making life a lot easier.

13 MAYOR TREMAIN: Somewhat.

14 MR. THAR: I guess the point is,
15 yesterday we were over in Ohio County.
16 Everyone I think is familiar with the Rising
17 Sun Foundation.

18 MAYOR TREMAIN: Community Foundation.

19 MR. THAR: Yes. And they had
20 approached Lawrenceburg and Dearborn County a
21 couple of years ago with a propositioned, why
22 don't we expand that foundation, rename it, if
23 necessary, to the Southeast Indiana Regional
24 Foundation, and have Dearborn County or
25 Lawrenceburg participate in that. The money



1 out of that foundation was distributed on a
2 per capita basis, and Dearborn County would
3 certainly get back more dollars than put in
4 but they have never participated in that and
5 that is revenue that Ohio County and Rising
6 Sun have been able to push out beyond their
7 county.

8 MAYOR TREMAIN: Correct.

9 MR. THAR: And they don't deal with
10 near the revenue that a city of 5,000 --

11 MAYOR TREMAIN: No.

12 MR. THAR: So it is absolutely correct
13 that the Indiana Gaming Commission cannot tell
14 you as a mayor or a city what to do with their
15 money, but we do have an obligation to allow
16 things that occur with riverboat gaming to
17 occur, according to the statute of what has
18 the greatest economic impact in a region, not
19 just in an area. So I want to ask, maybe, in
20 the times while Lawrenceburg and Dearborn
21 County are flush, to see what you as elected
22 official and some of the other elected
23 officials can do to see if you can maximize
24 the amount of benefit that can be gotten by
25 more people than you're presently including.



1 Because I have a fear that if the people who
2 have the money don't, then the State might
3 step in and say, we can do it then for you,
4 and I think today the greatest thing about the
5 riverboat gambling act is that has allowed a
6 lot of home rule.

7 MAYOR TREMAIN: Yes, it has. Yes.

8 MR. THAR: And I think if that should
9 be lost because people don't handle it well,
10 that may very well be a loss for the
11 communities that are right now, be able to do
12 the things that they can. So I ask you to
13 carry that thought with you to your elected
14 officials.

15 MAYOR TREMAIN: I totally agree with
16 you. I've been in office, it will be two
17 years in January. If they approached
18 Lawrenceburg, it was in a previous
19 administration, the Rising Sun group. I know
20 of it, but I would welcome any debate or
21 discussion on it because I am a firm believer
22 that we should spread the wealth. I don't
23 disagree with that.

24 MR. THAR: It was a predecessor mayor
25 of yours that immediately preceded you, I



1 believe, that was approached because I was
2 aware of the conversations. The mayor was, in
3 fact, for it. It didn't pass through the City
4 council, as I understand. But Rising Sun did
5 indicate yesterday, their foundation, that
6 they would be more than welcome to renew those
7 types of discussions if the foundation could
8 grow both by contributions into it and areas
9 served. Because they have a wonderful history
10 of grants made to enable communities, aside
11 from those that have riverboats, to do things
12 they couldn't have dreamed of doing five years
13 ago so --

14 MAYOR TREMAIN: That's correct.

15 MR. THAR: I'll get off my soap box
16 now.

17 MAYOR TREMAIN: I agree with that very
18 much.

19 MR. THAR: Mr. Frable, that's as far
20 as we can go.

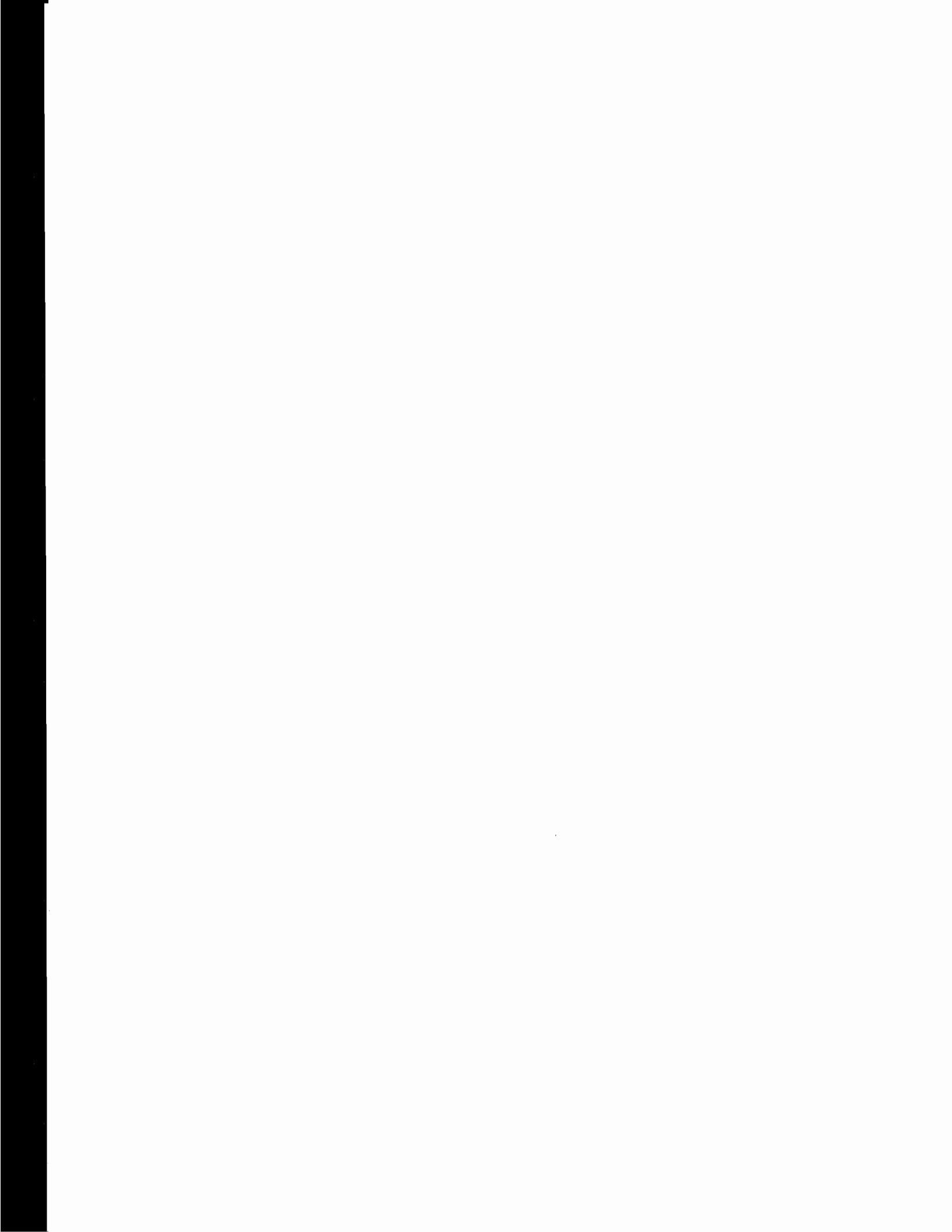
21 MR. FRABLE: Well, I'd like to just
22 make a statement that you remember this was a
23 countywide referendum and only won by, what,
24 half a percent? And had the citizens of
25 Dearborn County known that it would be this



1 kind of distribution, I'm pretty sure it would
2 never have passed because any reasonable
3 person, any rational person would say, this is
4 patently unfair. And until there is proactive
5 action, we'd like to share the wealth, we'd
6 like to do this, nothing has happened, and
7 we're going to go into another five-year
8 period and where is the leverage going to be
9 to move it to a more equal basis for all the
10 citizens in the county?

11 MR. THAR: The leverage is in two
12 places, it's in the ballot box for your
13 elective State Senator and State
14 representative to change the riverboat law the
15 way it is. And it's also in the ballot box
16 for your local officials, because they have
17 the power to handle the tax as they see it.

18 MR. FRABLE: I have contacted Bischoff
19 and our Senator, and they both live in
20 Lawrenceburg, and as I said to them, I could
21 understand how you will come down on this.
22 They are Lawrenceburg people, why shouldn't
23 you keep the money here? And that's what they
24 do. Fifty percent of the money stays here.
25 The other 50 percent is shared, it sounds real



1 good, but Aurora, \$1.3 million as opposed to
2 Lawrenceburg.

3 MR. THAR: But let me tell you, if
4 Lawrenceburg decided to -- and it may not be
5 the right thing to do -- they could keep a
6 hundred percent. That's the way the law is
7 written. So the fact they share 50 percent,
8 50 percent is more than the law says they have
9 to.

10 MR. FRABLE: Then I would say to the
11 Gaming Commission, for all your leverage, you
12 should go back to the legislature and say,
13 you've got to change this, this is unfair.

14 MR. THAR: I say to the voters to do
15 that, but thank you. Thank you, Mr. Mayor.

16 MAYOR TREMAIN: Sir, one comment on
17 Dr. Frable. Senator Nugent and Representative
18 Bob Bischoff came to me with this a year ago,
19 exactly what we are sitting here discussing.
20 And I told them then I was in agreement with
21 them. That's where we stood until the meeting
22 three weeks ago with Mrs. Duncan.

23 MR. VOWELS: Wasn't there a number
24 that we heard that for every \$100 put in,
25 Lawrenceburg could pull out \$135 or something?



1 MR. THAR: I don't know what the
2 formula would be, but basically the grants by
3 the Rising Sun Foundation used to be done on a
4 per capita basis.

5 MAYOR TREMAIN: I know the Dearborn
6 County Foundation, they put a cap on the total
7 amount, but I don't know of anyone being
8 turned down. I think it's 5,000 at a time
9 unless it's something special, but they would
10 have to blend together, which I'm very much
11 for.

12 MR. THAR: Simply in discussing the
13 same topics with the Rising Sun Foundation
14 yesterday, suggested gathering and renewing
15 the concepts for a more established
16 Foundation. They said they were open to it.
17 We said that we would discuss it with you
18 today. You think you're open to it. So what
19 I would ask is, if somebody could pick up the
20 phone and see what you can do about it.

21 MAYOR TREMAIN: Give them a call. I
22 can do that. Yes, sir.

23 MR. VOWELS: Thank you, Mr. Mayor.
24 Any questions?

25 MAYOR TREMAIN: Thank you.



1 MR. VOWELS: Mr. Perry and Mr. Block,
2 there was a slide that didn't seem to make its
3 way up about the WBE and the MBE numbers.

4 Sir, can you give us an overview of how you
5 all are doing on the statutory requirements?

6 MR. BLOCK: Yes, sir. MBE in 1997 was
7 4.37 and the unaudited 2001 year to date is
8 12.01. The WBE in 1997 was 4.31 percent, the
9 unaudited 2001 year to date is 7.15 percent.

10 MR. VOWELS: So as far as year to
11 date, you're at least 2 percent over on the
12 MBE and then over 2 percent over on the WBE;
13 is that correct?

14 MR. BLOCK: That's correct.

15 MR. VOWELS: Have any of the other
16 casinos along the Ohio River contacted you for
17 sources on who they may be able to make
18 purchases from?

19 MR. BLOCK: Our purchasing managers
20 meet regularly and exchange that information
21 so that there is an ongoing discussion between
22 Roger Schwartz, our purchasing manager, and
23 Bill Harvey, who writes our reports, who's had
24 a real impact with TJ Foods, to exchange that
25 kind of information with casinos on the river.



1 MR. VOWELS: Any questions?
2 Representative Ross?

3 REPRESENTATIVE ROSS: What did you
4 actually do for TJ when you say incubate?

5 MR. VOWELS: Bill.

6 MR. HARVEY: Mr. Beard had to go back
7 to Indianapolis during the break.

8 Mr. Beard needed to leave, he has a
9 presentation for his construction company over
10 in Indianapolis for, I guess for a library
11 project. He's on the list of possible
12 companies due to that.

13 What we did, I think Mr. Beard alluded
14 to the first meeting we sat down and talked
15 about philosophies of operations, making sure
16 that the quality product, the timing of the
17 product, the price of the product was all
18 something we could agree on. In other words,
19 we needed a certain product, could he be the
20 person, could he be the individual that helped
21 us get that product and making sure that the
22 price was right for us and him also making a
23 profit.

24 We helped align him with the company
25 called Alliant, which is a national company.



1 It's a food service company. Their one
2 operation is over in Indianapolis, is who we
3 aligned them with because we were purchasing
4 from them originally. We aligned with them.
5 We were able to get the Alliant folks, Mark
6 Galla, who was the vice-president of sales
7 over there, aligned with Jimmy and Todd and
8 sat down and talked about the possibilities of
9 them being a distributor to TJ's Foods,
10 thereby TJ's being our supplier.

11 Where their mentoring pieces come in
12 is walking through, from our side, the growing
13 process that Jimmy needs to understand about
14 how our business functions, about the things
15 that we need, what our customers look for.
16 And from the Alliant side, we were able to get
17 the Alliant folks to agree with and also be
18 very happy in doing, was picking up Jimmy and
19 Rita and his folks to help them understand the
20 food business from the distributor side, the
21 supplier side.

22 So between what the Alliant folks are
23 doing day in and day out, because they
24 actually have a sales person that meets with
25 Rita, Jimmy's wife, and he accompanies her



1 down here when they make the sales calls, to
2 help her understand more about how to sell,
3 how to approach the different things that we
4 may bring up as challenges so she can help
5 better understand how, you know, there's a
6 possible fix there for those things. So
7 between Roger Schwartz, who's our purchasing
8 manager, and myself, we spent time with Jimmy
9 and Rita and the Alliant folks in helping them
10 understand both sides of the business. We've
11 also assisted -- we have made what Arnie
12 referred to as the purchasing managers
13 meetings. We held one here about nine months
14 ago and we had Jimmy Beard and the Alliant
15 folks both here to make presentations to the
16 rest of the casino purchasing managers,
17 stressed what we were doing with them, how we
18 were trying to help them develop into a
19 different business, and the connections we
20 started there, I guess, if you will, with all
21 the other purchasing managers. I know that
22 they have talked to Jimmy and -- as a matter
23 of fact, today he told me that he has been
24 talking to Belterra a little bit over the last
25 couple of months, just they haven't been able



1 to figure out yet whether or not what, I
2 guess, procedure, if you will, that Belterra
3 has, whether or not Jimmy can actually get
4 into servicing them the same way they service
5 us.

6 They had no desire -- by Jimmy's own
7 account, they had no desire to go and call on
8 any other account and jeopardize this account
9 until they felt really comfortable making sure
10 they could handle us. They deliver to us six
11 days a week, so they're here every day. They
12 get their product from Alliant who, between
13 their person and Rita, both know what our
14 expectations are as far as the quality of the
15 product, the service. And so the mentoring
16 thing is still going on. Rita's still
17 learning various parts of the food business
18 between the knowledge that we can help her
19 with from a customer's perspective and also
20 from the supplier perspective that Alliant has
21 helped her with.

22 REPRESENTATIVE ROSS: Jimmy was not in
23 the food business so how did you find him?

24 MR. HARVEY: You're right, Jimmy was
25 not in the food business. Jimmy had some



1 friends he was talking with, I guess, about
2 getting into a different line of business to
3 expand his businesses, and one of those
4 individuals that he spoke to, I believe knew
5 Arnie --

6 MR. BLOCK: Correct.

7 MR. HARVEY: -- knew Arnie and they
8 called over here and said, I got this
9 gentleman who would like to start a new
10 business, what do you think. So I went over
11 and met with them. Jimmy and Todd both had
12 this idea of getting in the alcoholic beverage
13 business. And after we talked about that for
14 a while, I think they saw there was a lot more
15 hurdles there than just getting into business
16 because of all the different regulations, as
17 well as getting distributorships at the
18 various distilleries. So we got into the food
19 business together.

20 MR. VOWELS: Anything else?

21 MR. GETTELFINGER: Mr. Chairman, I
22 have a number of questions. The first is a
23 procedural question for Mr. Thar. Were we
24 notified by Mr. Webster that he would not be
25 here today?



1 MR. THAR: No.

2 MR. GETTELFINGER: I'd just like to
3 express my disappointment to an individual who
4 requested to appear before the meeting and
5 does not inform us that they will not be here.

6 MR. VOWELS: I have the letter here in
7 front of me from Mr. Webster that requested
8 the time here, and I note that their law firm
9 is in Indianapolis so maybe there's some
10 reason there as far as getting down from up
11 there because we've all traveled to be over
12 here this week so --

13 Anyway, go ahead.

14 MR. GETTELFINGER: I have a question
15 for Mr. Perry.

16 Mr. Perry, I've not had an opportunity
17 to review all of your Securities and Exchange
18 Commission filings since you're a public
19 company, but would you be willing to share
20 with the community what percentage of your net
21 worth is invested in the Argosy Company.

22 MR. PERRY: Currently just over 90
23 percent. This has been a labor of love for me
24 for a variety of reasons: Number one is, I've
25 been in this business for 20 years prior to



1 coming to Argosy and Argosy really gave me a
2 platform to try the things that I had maybe
3 been unable to try with other opportunities,
4 and the success of Argosy over the last
5 several years is a tribute to the people who
6 have executed on some of the ideas that I've
7 had.

8 And so it's obviously with the stock
9 options and the investment of the company,
10 been significantly, impacted my net worth.

11 MR. GETTELFINGER: That's quite a
12 statement of commitment.

13 I have a couple questions for Mr.
14 Arnold. In your remarks you mentioned five
15 factors or five customer drivers that came up
16 in your survey and you did not share with us
17 those five factors. Can you?

18 MR. BLOCK: Those are speed of
19 service, game selection, cleanliness, secure
20 surroundings, fun and excitement.

21 MR. GETTELFINGER: Do you have
22 Mr. Blasik's report available to you now?

23 MR. BLOCK: No.

24 MR. PERRY: We do now.

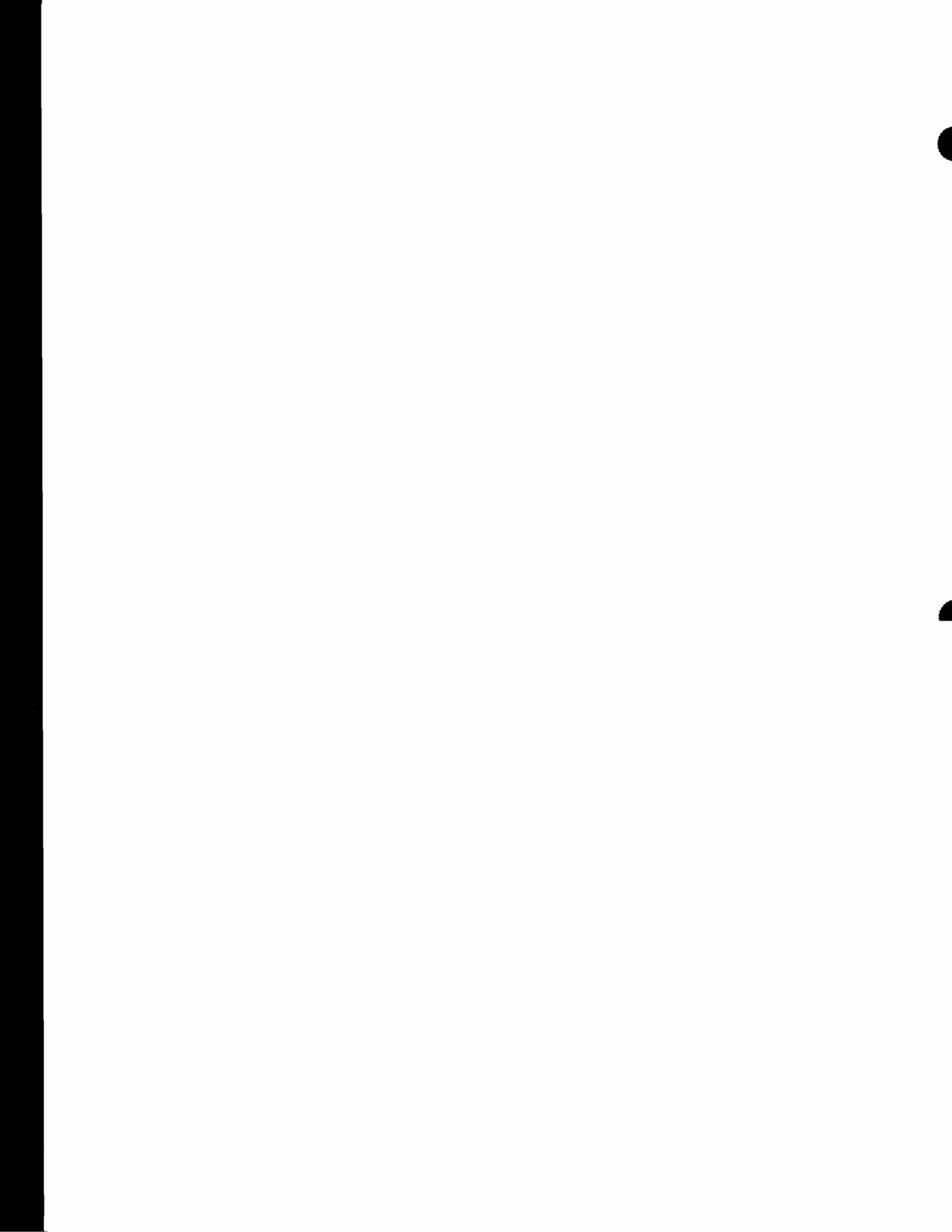
25 MR. GETTELFINGER: Would you please



1 turn to page 15?

2 On page 15 we are receiving
3 information about employee training and skill
4 building, and on the fourth line of the first
5 paragraph there is the conclusion that, "Few
6 Argosy employees are assessing additional
7 skill building opportunities. Below is an
8 analysis of the different responses to these
9 skill building and employee training
10 opportunities by education level." And then
11 there is the final conclusion, the last
12 sentence, "With the information gathered from
13 this survey, there are no means to determine
14 if these are results or because of employee
15 decisions, lack of availability or other
16 factors." Would you please respond to these
17 conclusions.

18 MR. PERRY: I guess I could respond,
19 you know, in terms of, I always have a
20 question about surveys, about whether the
21 person understood the question when they
22 answered it. I think Arnie told you that we
23 give all of our employees three days of
24 orientation, which includes some sort of
25 training. If they believe that that is just



1 an orientation session, as both a training
2 session, then they may respond differently to
3 this question.

4 In addition, we give all of our
5 employees customer courtesy training, the eye
6 hi/goodbye program, for which there is a
7 financial incentive to all employees in the
8 company if we successfully meet or exceed
9 goals.

10 In addition, we have a, have had
11 historically a supervisory training program
12 for all supervisors who have participated, I
13 believe it's five or six modules of training,
14 so every supervisor in the company has gone
15 through that.

16 In addition, there has always been
17 training on customer safety and employee
18 safety, particularly on the boat, conducted
19 through Coast Guard regulations.

20 And finally, I think that we are in
21 the process, and we spent the day yesterday in
22 our planning cycle for the year 2002, we
23 have -- we are in the process of instituting a
24 new program, which I think would take us to
25 the next level of training, which is to



1 identify through the review process on a
2 quarterly basis employees' desires of where
3 they -- we will survey them to find out where
4 they think they need the most training, and
5 then we're putting together a new training
6 program that will address the employees' needs
7 of where they think they need it or even,
8 frankly, where they think their supervisor may
9 need it so that we can improve the awareness
10 of training.

11 So I know we have a lot of training of
12 employees. I was kind of surprised that the
13 employees don't see it that way. I think
14 that's not a problem with the execution as
15 much as it's been in the communication
16 factors.

17 MR. THAR: I don't think that's what
18 that sentence goes to, if I may interrupt.

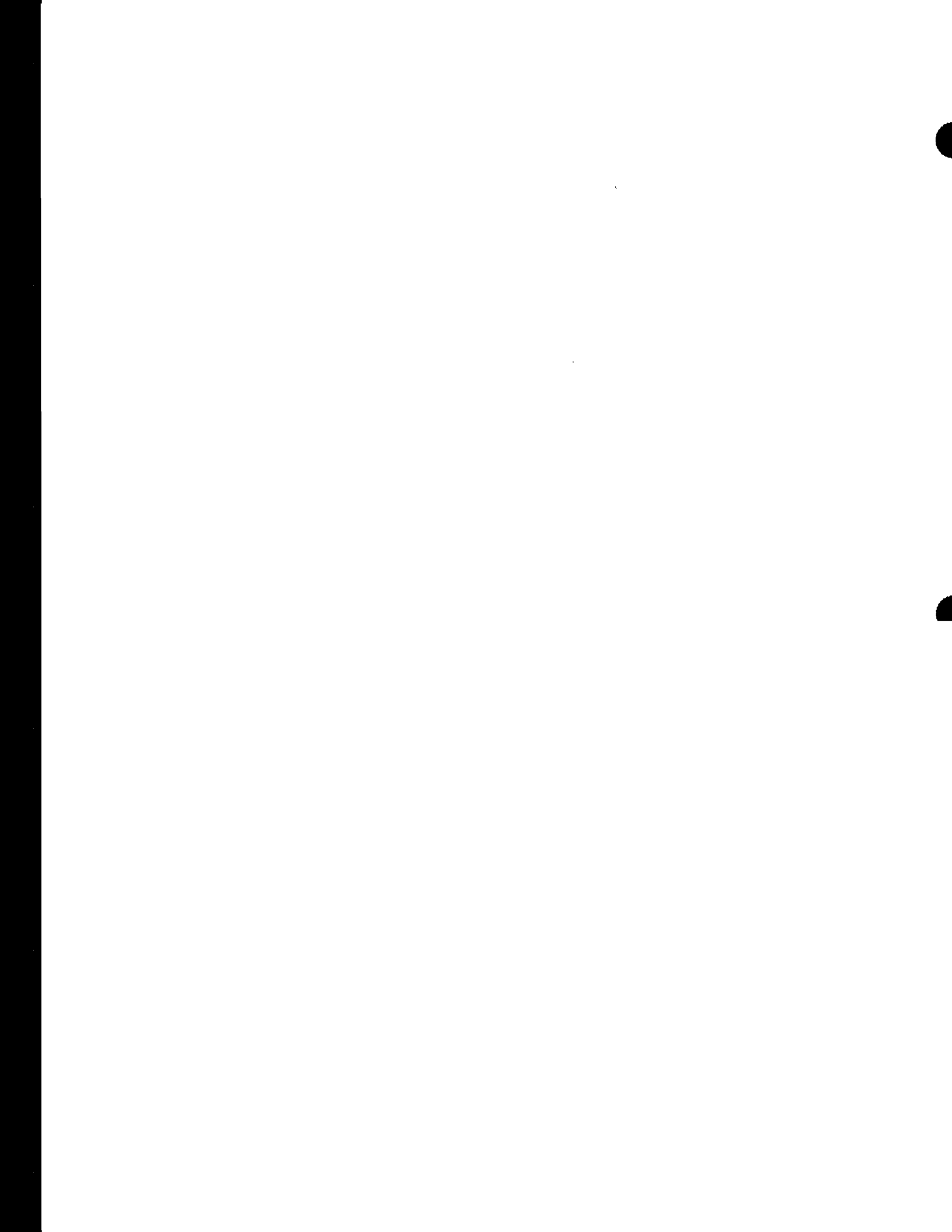
19 That sentence goes to the survey
20 recognizes a very high percentage of Argosy
21 employees have received training for their
22 job. That sentence goes to the approximately
23 six percent who received general education or
24 skill building, not for the specific job but
25 for general training purposes.



1 For instance, the ability to get
2 reimbursed for a college class, the ability to
3 go on to G.E.D. So what the last line is
4 really referring to is why did only
5 six percent do this? The survey doesn't
6 comprehend whether they do it because it's not
7 available or the employees just choose not to
8 take advantage of it. So the request with
9 regard to that particular sentence would be:
10 Do you, in fact, offer tuition reimbursement,
11 other types of educational skills, and people
12 are not taking advantage of it, or do you not
13 have that as an employee benefit?

14 MR. BLOCK: We do offer reimbursement
15 in related fields of study. Someone is on our
16 IS staff and wants to advance themselves, be
17 further certified, for example, we do
18 reimburse them as long as it's within the type
19 of work that they're doing. So we do make
20 that available.

21 MS. BOCHNOWSKI: What if somebody
22 wanted to stay within the Argosy family, but
23 wanted to change from one area to another and
24 wanted to get education, would you help them
25 with that? That would be -- I can't even



1 think of any -- they wanted to go from food
2 service into the, into management or
3 something, and what if they wanted to get some
4 management class?

5 MR. BLOCK: If it were related to our
6 industry, we have reimbursed.

7 MS. BOCHNOWSKI: It wouldn't exactly
8 have to be in their narrow area?

9 MR. BLOCK: No, no.

10 MR. THAR: Well, for instance, if I
11 were a 23-year-old dealer, but I wanted to go
12 to college to get a business degree so,
13 hopefully, some day I could take Mr. Perry's
14 place, is there a reimbursement program for me
15 to take general educational studies in
16 addition to those that lead to a business
17 degree?

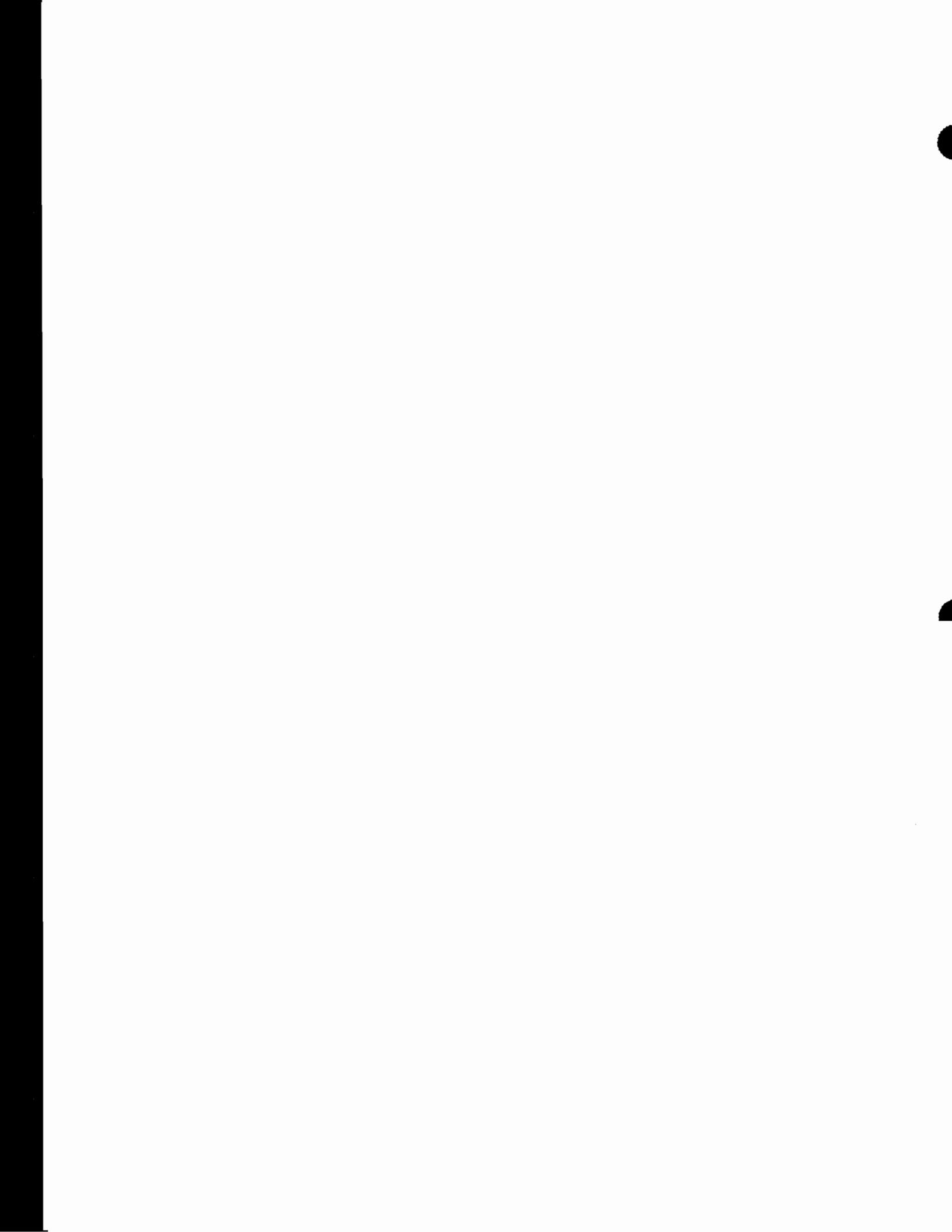
18 MR. BLOCK: We don't have a program
19 for general studies, no.

20 MR. THAR: One person whose license we
21 have renewed up on the lake actually has
22 in-house G.E.D. classes. Do you do anything
23 like that for your people that are not high
24 school grads?

25 MR. BLOCK: No.



1 MR. GETTELFINGER: If I may follow up.
2 I'm a Southern Indiana resident and I'm in
3 love with all of Indiana, but particularly
4 Southern Indiana, and it saddens me when so
5 many of our bright young people have to go
6 somewhere else because there's so many
7 opportunities in all of Indiana and
8 particularly in Southern Indiana. And
9 anything you folks can do to help those young
10 people to achieve their goals and aspirations
11 in Southern Indiana or in Indiana as a whole,
12 I would encourage you to do so, just as some
13 of the examples the other commissioners
14 mentioned, young people who want to rise
15 through your organization into leadership
16 positions or maybe come here to get a start,
17 in one way or the other that would lead them
18 to maybe positions in education or local
19 government or other local businesses. So my
20 request is, if you could take some of the
21 creativity that you've demonstrated in so many
22 other areas and use some of that creativity to
23 help our young people find a way to achieve
24 their goals and aspirations in Southern
25 Indiana, that would be a great thing to do.



1 MR. VOWELS: You know, one thing,
2 having reviewed the educational work
3 backgrounds of the management within your
4 company, it's always very heartening to see
5 how a particular person started out as a craps
6 dealer a long time ago and you had, Mr. Perry,
7 worked in the casino at the real ground roots
8 level, and it makes us feel a lot more
9 comfortable having people like you and the
10 others in your positions knowing what it's
11 like to get your fingernails dirty and
12 actually do it. Because, you know, in a lot
13 of different businesses it doesn't make any
14 difference what the business is because the
15 person could be selling shoes or whatever
16 else. But within your corporation, I noticed
17 that as I was going through the materials, you
18 guys have really worked your way all the way
19 up the ladder and know the score along the
20 lines and having learned them. And it is sad
21 to see, in Evansville the same thing, the
22 brain drain that goes on there, the kids who
23 don't come back.

24 And what we saw up in -- on the lake
25 with one of the companies there doing the



1 in-house G.E.D., that was over and above what
2 any of us had expected, but it was a great
3 thing and it certainly heartened us there.

4 So it might be something to think
5 about, the consistency of the employees and
6 being able to know that your future would be
7 in good hands of the people like yourself,
8 because you always want to remember where you
9 came from.

10 MS. BOCHNOWSKI: You know, if -- do
11 you have anything on that same line, say you
12 spot a bright young person, a management
13 training program where you would move them
14 through all the different areas? Is that
15 something that you do normally or if somebody
16 comes in --

17 MR. PERRY: I can answer for the
18 company in general, I think it applies here.
19 We are relatively new industry to the Midwest,
20 and I think that one of the things that we
21 have devoted a lot of our time and training
22 efforts to is to teaching them about this
23 business. Obviously the regulatory
24 environment which we operate requires a lot of
25 training, dealer training. And I will tell



1 you that there's a little bit of, sometimes,
2 overload just too many training classes that
3 people can have early on. But I do think
4 after a five-year period, we are in the
5 process now of trying to identify those areas
6 of continued training which would be types of
7 supervisory training, managerial training. My
8 personal opinion historically has been that we
9 should not preselect, we should offer that
10 opportunity to everyone and let them show us,
11 through their initiative, that they want to
12 take these courses that we're offering so that
13 everybody has the opportunity as opposed to
14 preselecting and screening people, and which I
15 think leads to, well, why did they get in and
16 I didn't get in. And I kind of have the open
17 door policy on management training, that it
18 should be available to everyone because even
19 if you never are selected as a manager or even
20 if you become a manager somewhere else, while
21 you're in management training, you will be a
22 better employee for us no matter what you're
23 doing.

24 So I think the program we talked about
25 yesterday, about providing additional training



1 and making that available to all employees, is
2 a better program over the long run than trying
3 to go through a management -- you know,
4 someone gets appointed as a management
5 trainee, and then they get looked at
6 differently or they get preselected for a job
7 and then it may not be open to another
8 individual that may be just as qualified but
9 didn't perceive they got the chance to get the
10 opportunity.

11 MR. VOWELS: Anything further on those
12 topics?

13 Let's talk about your hotel a second.
14 How is the hotel doing as far as room vacancy
15 and --

16 MR. PERRY: Room vacancy is low, which
17 is good, and room occupancy is high, which is
18 even better. We run about an \$85 rate at the
19 hotel, which is consistent with this
20 community. About 50 percent of the hotel
21 rooms are occupied by complimentary casino
22 guests and 50 percent of the rooms are
23 occupied by members of the general public. We
24 think it's very important as a company,
25 particularly when you're trying to attract new

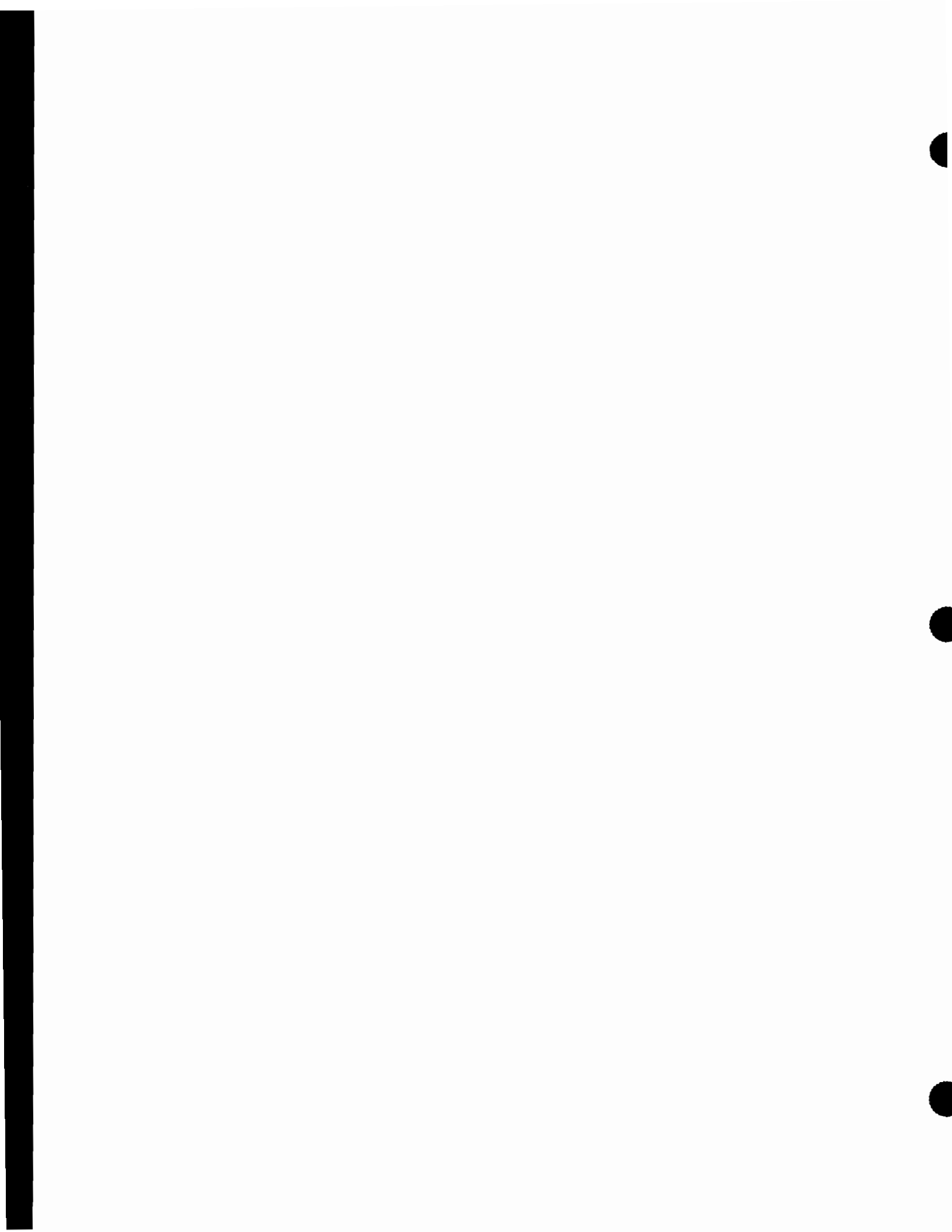


1 business into the community, to not take all
2 the rooms and give them to preferred casino
3 customers so to try to create that opportunity
4 for new customers to come in.

5 Now, there will be exceptions like New
6 Year's Eve and things like that. For the most
7 part, the hotel has done very well. As I
8 mentioned in my remarks earlier, I think
9 there's an opportunity to add more hotel
10 rooms, if we find the right land and put the
11 right piece of land together and get the
12 approvals. I think the Board would look
13 favorably upon expanding our room base,
14 because the occupancy has been there
15 historically and it helps in the overall -- we
16 talked about one of the five things earlier
17 that creates repeat visits, and that's
18 creating a sense of fun and excitement, and
19 with more hotel rooms, you create more
20 activity, particularly early in the morning
21 and later at night, and that makes it a lot
22 more fun.

23 MR. VOWELS: Are there any concrete
24 plans for expansion?

25 MR. PERRY: Not -- we're in the

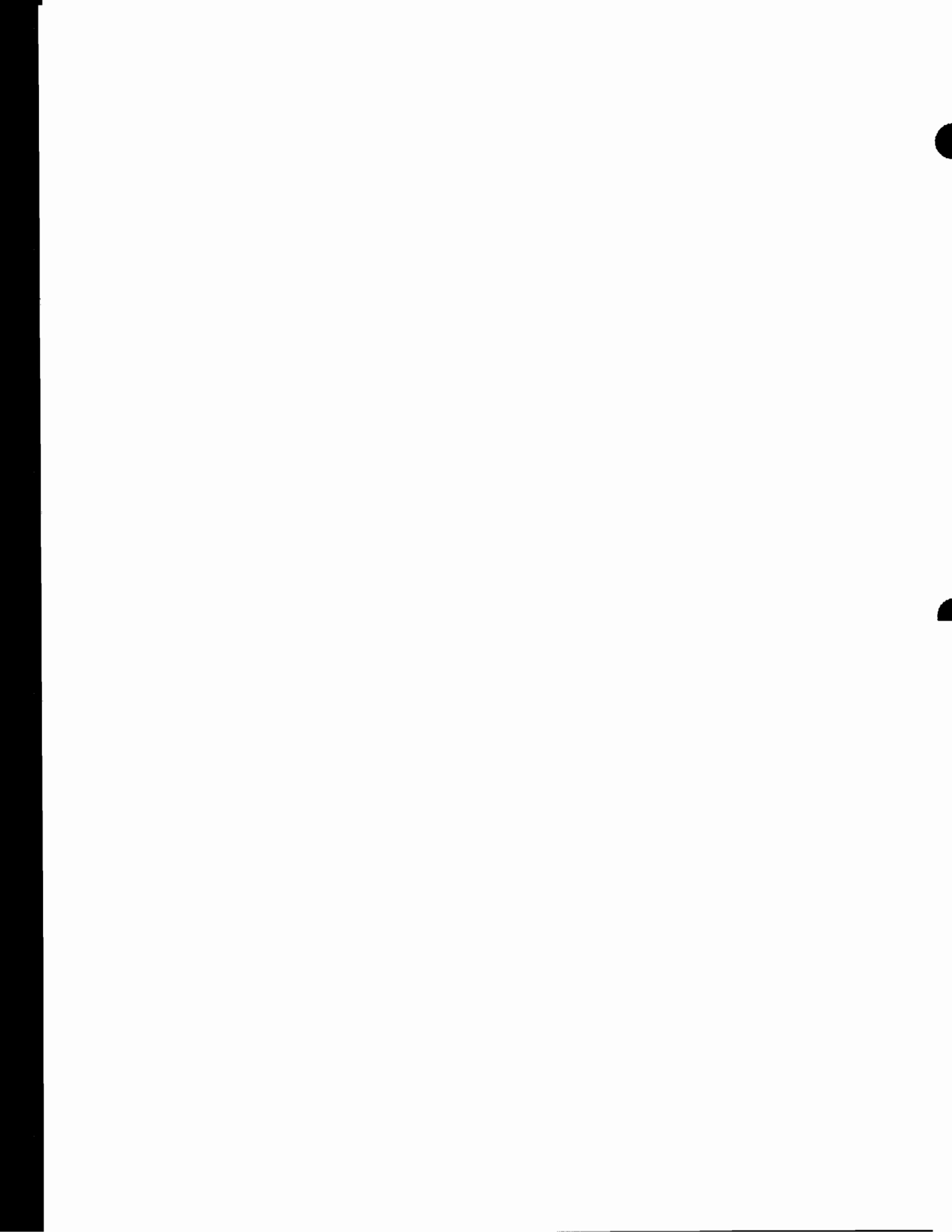


1 process of -- I told them that they should
2 begin the process this fall, which they have,
3 talking about how many rooms, where can we put
4 them, what kind of land, how many more parking
5 spaces will we need. We'll probably go
6 through about a year of program study, and
7 it's probably 18 months to build.

8 MR. THAR: Does that mean that there
9 is some fairly positive plans for expansion of
10 the hotel?

11 MR. PERRY: I think that there are
12 positive -- I think that it's an opportunity
13 for us, and there was some speculation that we
14 should expand the casino, put on a fourth
15 deck. I think that would have been an error
16 because of the opening of Belterra. I think
17 to be successful in the long run, we need to
18 attract more people and make the facility more
19 efficient and effective during the week days
20 as opposed to try to expand and capitalize on
21 the peak periods of Friday, Saturday and
22 Sunday by building a fourth deck.

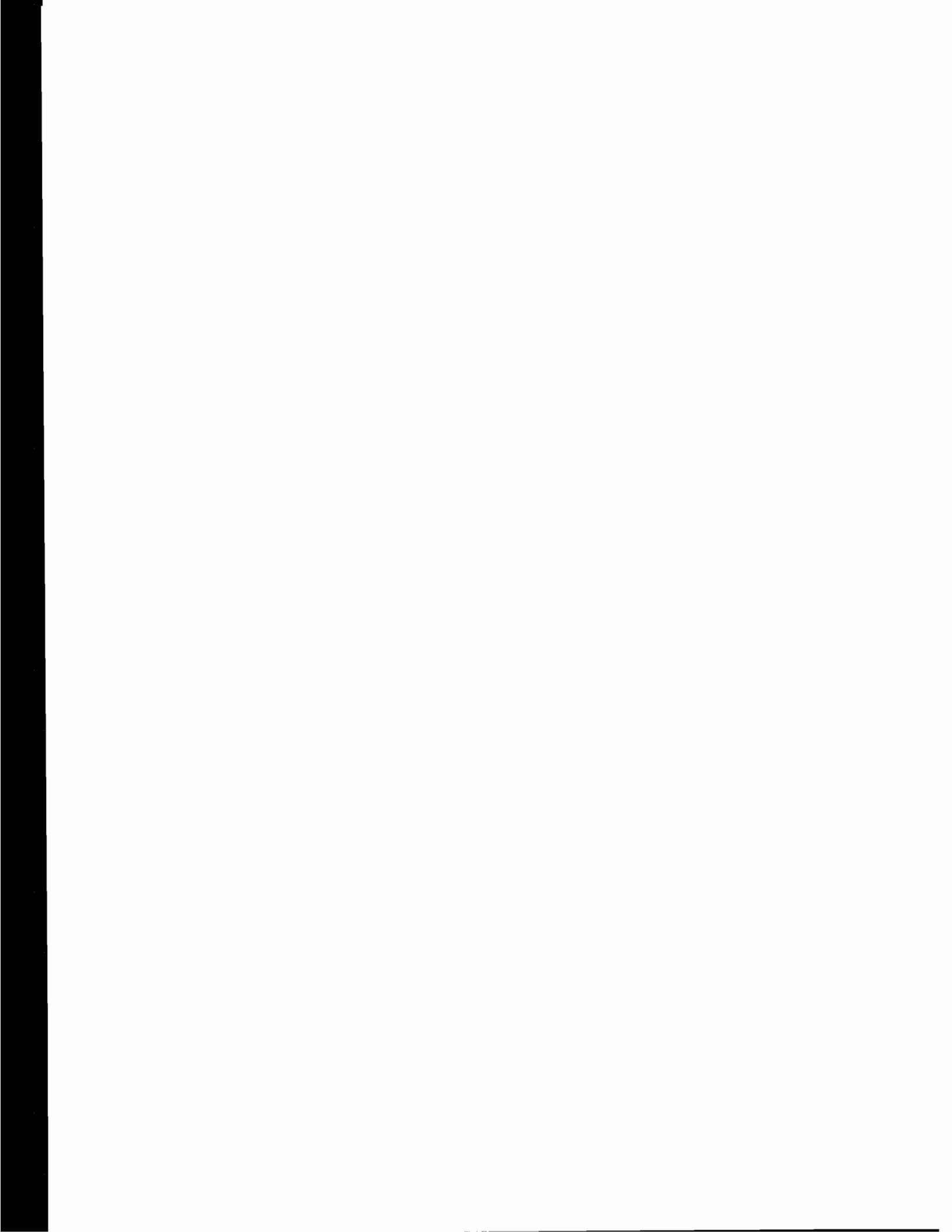
23 MS. BOCHNOWSKI: We're kind of getting
24 into the area of future plans. Things have
25 gone real well for you, you're one of the



1 top -- or the top riverboat in the whole
2 country, so on and so forth, but we can never
3 just sit still and let things ride because
4 that's kind of a recipe for possible disaster,
5 or at least stagnation, so let's talk a little
6 bit more about your plans, how you intend to
7 keep this dynamic.

8 MR. PERRY: Well, I think that the
9 plans -- I tried to mention in my opening
10 remarks, that the company has demonstrated
11 over the five years I've worked with the
12 company, willing to reinvest in existing
13 properties. I highlighted that we had spent
14 about \$25 million on Alton, built a new hotel
15 project in Baton Rouge, and we're now in the
16 process of giving to the Gaming Commissions in
17 both Missouri and in Illinois for Joliet
18 expansion possibilities there, and now we're
19 going to enter into the phase of talking
20 about what we can do in Lawrenceburg.

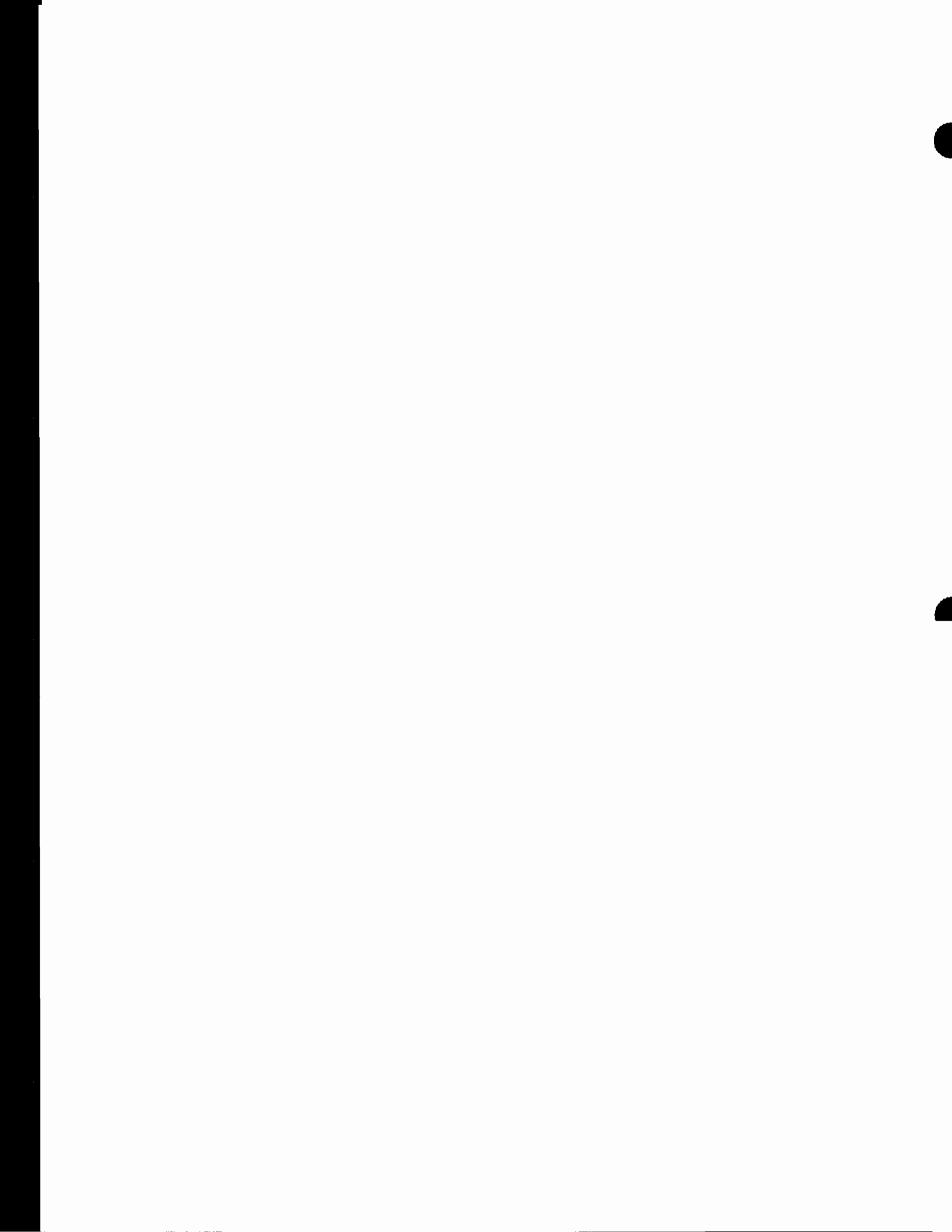
21 I think that it has to be a community
22 effort here. We don't have a huge -- in
23 Joliet, for instance, we have 300 acres of
24 land that we own and we don't have 300 acres
25 of land here so we've got to work with the



1 community. It's been my experience over the
2 time, particularly the 17 years that I spent
3 in Atlantic City, that in order for the City
4 to do particularly well, that we have to find
5 a way for the employees, our 2,400 employees
6 to use the facilities in the City. That
7 creates markets, that creates dry cleaners,
8 that creates snack shops, it creates places to
9 get your oil changed that our employees can
10 use as opposed to parking outside the City and
11 bringing them in, which creates an activity
12 within the City that makes it more of a
13 destination for people that come from outside
14 the city.

15 I think more hotel rooms create longer
16 lengths of stay. Most gamers spend about four
17 hours in a gaming, even when they go to Las
18 Vegas, it's four hours of actual gaming and
19 then they spend the other 20 hours sleeping
20 and shopping and using restaurants.

21 So if we could build more hotel rooms,
22 you create a longer length of stay, which
23 helps to do more for the community. With the
24 levy district, extending the levy and making
25 the land more usable on Route 50, I think that



1 will create more hotel rooms that will create
2 even more -- and this can truly become a
3 regional destination for people who want a
4 gaming experience as well as a, quote,
5 "get-away" experience. I think we all would
6 be fooling ourselves if we thought we were
7 going to create another Atlantic City or Las
8 Vegas here, but we can create a regional
9 destination.

10 I have tried repeatedly over the last
11 three years to try to create a regional
12 marketing among the three casinos that are in
13 our market. And, frankly, there's been some
14 concern on their part that they would not get
15 as much benefit as we would get, even though I
16 was willing to pay the lion's share of the
17 dollars since we get the lion's share of the
18 revenue, but maybe we can -- I will keep
19 pressing on that issue. It's not unlike the
20 Rising Sun issue as well, just have to keep
21 calling to try to make the contacts work.

22 But I -- long term, I'm very positive
23 because I think Indiana, frankly, got some
24 benefit of being, maybe not the first state to
25 approve riverboat gaming. And although what



1 was done here has made all the casinos able to
2 be, I think, successful here, and I think
3 that's a great benefit we all have. We need
4 to build on that going forward.

5 MS. BOCHNOWSKI: When we look at you
6 three years from now -- because, unless
7 there's a problem, the next two years will be
8 fairly automatic. When we look at you three
9 years from now, what will we see? What should
10 we use as our guide post to whether you've --

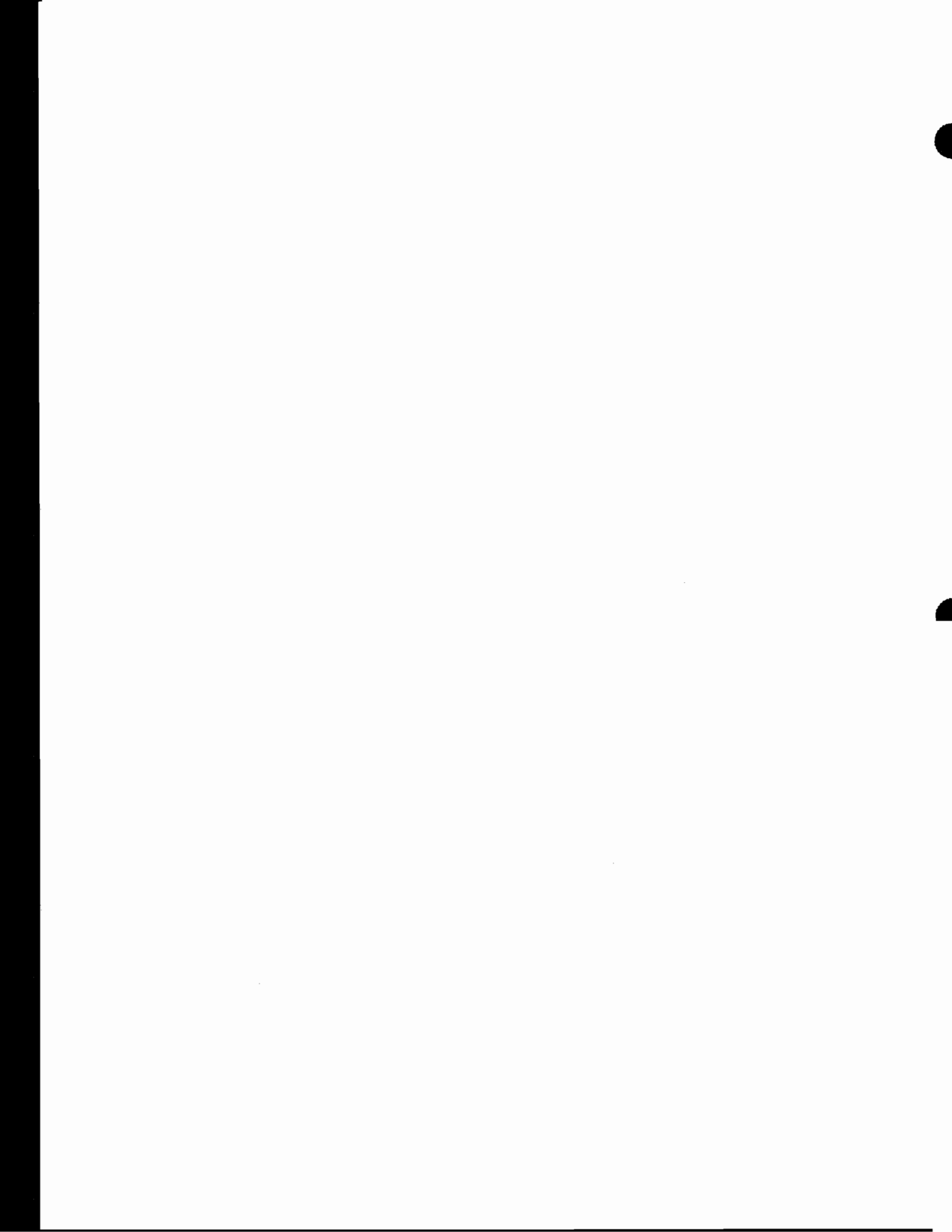
11 MR. PERRY: Well, I think you'll -- I
12 mean, my hope is that you'll still see the
13 most successful riverboat casino in the United
14 States in Lawrenceburg, Indiana, based on both
15 return on invested capital. I think you'll
16 see it on employee -- one of the things that
17 we kind of talked, when we talked to the
18 analyst, is that over the last three years we
19 have increased wages of our employees at twice
20 the rate of inflation, we've increased
21 benefits, we've increased the number of
22 employees and we've reduced our payroll cost
23 from 28 to 20 percent. And the way we do that
24 is we invested in employees. Our goal is to
25 hire from the right side of the bell curve, to



1 train effectively and have better employees
2 who communicate with our customers, look them
3 in the eye and say thank you so that they
4 become much more productive. And that was, as
5 I mentioned earlier, one of the things that I
6 came wanting to do with Argosy, and I got the
7 opportunity to do, was to install this
8 program, which I think has demonstrated that
9 in places where it's been implemented,
10 including Lawrenceburg, we've been able to get
11 a disproportionate market share because
12 customers respond to employees who are
13 friendly, outgoing and supportive.

14 So to the extent that we will continue
15 to reinvest in those employees with the
16 program that was outlined to you yesterday,
17 through particularly the supervisory skill
18 level, I think our employees will be better
19 trained three years from now than they are
20 today.

21 I think that we will be a bigger
22 facility, although I don't think necessarily
23 the casino will be bigger. I think that
24 there's some real issues there relative to our
25 two riverboats down the river as well as



1 potential race casinos in both Kentucky and
2 Ohio, which, if we're going to be successful,
3 as successful as I hope that we are three
4 years from now, by reinvesting in our
5 facilities and reinvesting in the community
6 which will create more options, entertainment
7 options in the community, that we will be able
8 to become more of this regional destination
9 and overcome the convenience factor that some
10 people might have at a race casino somewhere.

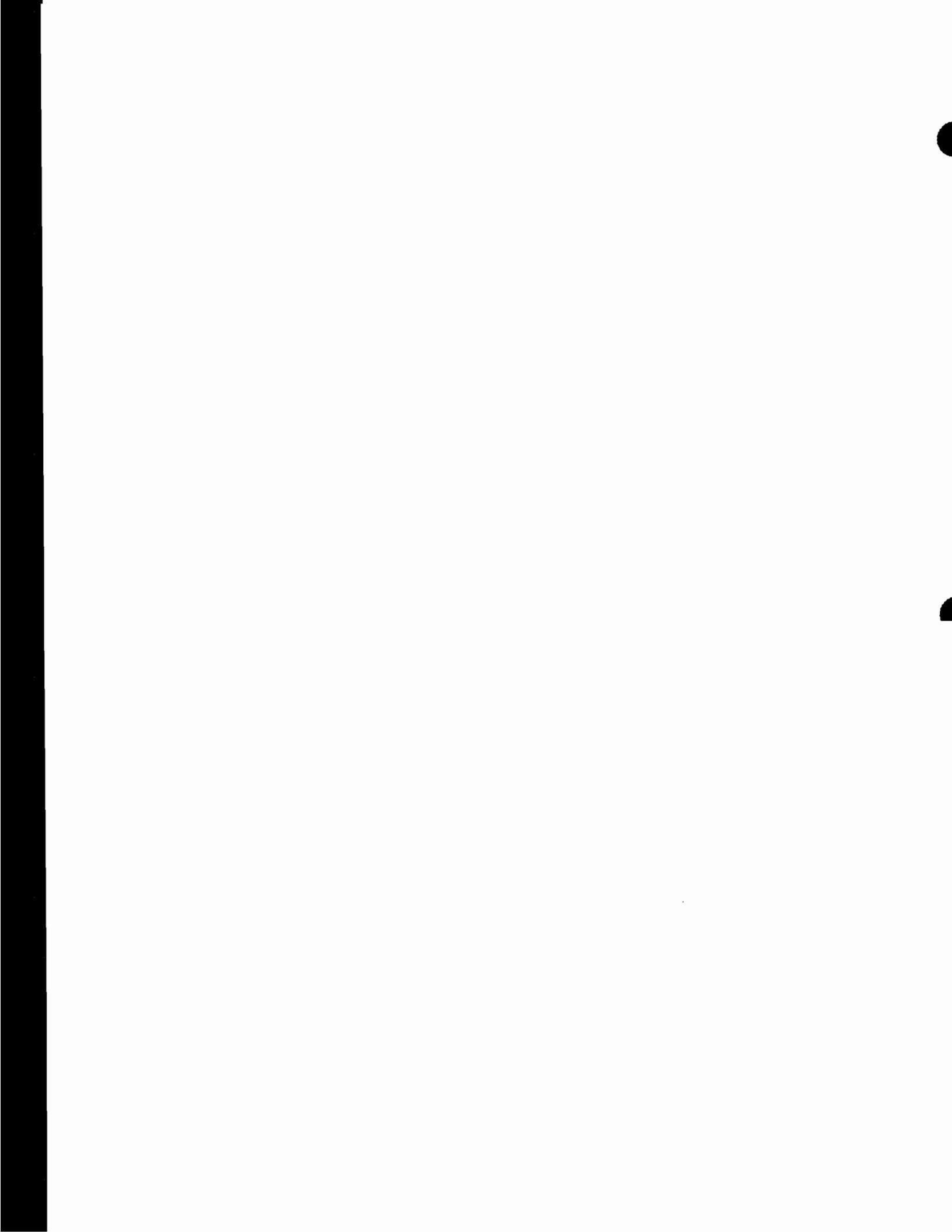
11 So I think that the ongoing obligation
12 to reinvest has got to come outside the pure
13 casino and more into the other areas to
14 support the casino.

15 MS. BOCHNOWSKI: Okay.

16 MR. VOWELS: In pending litigation,
17 there was, filed in July of 1999 in Federal
18 Court in Louisiana, Capital House Preservation
19 Company, LLC, \$158 million lawsuit. What's
20 the status of that now? The last we heard was
21 you were waiting a trial date. Do you know,
22 what's the status of that?

23 MR. PERRY: I'm going to have to defer
24 to legal counsel about that.

25 Nothing has happened with the case at



1 this time; however, the wheels of justice
2 sometimes move a little slower than any of us
3 would like, I think that -- but I know of
4 nothing -- we have no pending date and
5 obviously we believe that our defenses are --
6 we're not going to end up paying anything
7 significant.

8 MR. VOWELS: Here comes Don, maybe he
9 can --

10 Don Malloy is their corporate counsel
11 for Argosy Gaming. And the question was about
12 Capital House and the pending, the lawsuit
13 that was filed in July of '99, and what is the
14 status?

15 MR. MALLOY: With respect to Capital
16 House Prevention, is that the question?

17 MR. VOWELS: Right.

18 MR. MALLOY: That lawsuit presently is
19 with the appeals court down in that district
20 in Louisiana. Basically what is on appeal --

21 MR. VOWELS: With the federal appeals
22 court?

23 MR. MALLOY: No, that's the state
24 appeals court.

25 MR. VOWELS: Okay. Because it says



1 that it's filed in U.S. District Court in the
2 Middle District of Louisiana. Are we talking
3 about the same case?

4 MR. MALLOY: Capital House? Yeah. I
5 don't know particularly -- my understanding is
6 that case is over, and they're only
7 concentrating on the state suit now.

8 MR. VOWELS: Okay. Because the last
9 word we had was it was filed in July of 1995
10 (sic.), \$158 million claim, violations of
11 unfair trade practices, RICO violations, and
12 that awaiting a trial date, so maybe we're --

13 MR. MALLOY: I think that might be out
14 of date. The federal court case is no longer
15 in existence.

16 MR. VOWELS: What happened? Did it
17 get bumped down to the state level?

18 MR. MALLOY: I think there is state
19 court claims and the federal court didn't want
20 to deal with those state court claims.

21 MR. VOWELS: And so you say there's
22 some portion of it that's at the appellate
23 court level?

24 MR. MALLOY: Yeah, just recently we
25 filed a motion to dismiss based on the fact



1 that they didn't, plaintiff did not go through
2 all of the proper regulatory ways in which to
3 appeal our getting a license down in
4 Louisiana. Lady Luck was the original license
5 application, and they did not go to the Gaming
6 Commission and seek review of our getting
7 issued the license and, therefore, that motion
8 to dismiss was granted, I'm sorry, it was not
9 granted in the trial court and we appealed
10 that to the appeal court.

11 MR. VOWELS: So about what time degree
12 are you on that thing? Has everything been
13 briefed and filed with the appellate court
14 based on that ruling?

15 MR. MALLOY: Yes, it has. Yes it has.

16 MR. VOWELS: How long ago was that?

17 MR. MALLOY: That was approximately
18 three weeks ago.

19 MR. VOWELS: It says in our materials
20 that that suit was originally filed in July of
21 1995; is that accurate?

22 MR. MALLOY: Yes, that is.

23 MR. VOWELS: And then the situation
24 with Deborah Whitaker, whose's attorney was to
25 address us today but isn't here, my



1 understanding that's just pending because
2 discovery hasn't been completed; is that
3 correct?

4 MR. MALLOY: That's actually correct.
5 There's really been almost no discovery
6 whatsoever. They started the deposition of
7 Deborah Whitaker in middle of the year 2000.
8 It was concluded for the day and the
9 continuation has never been rescheduled.

10 MR. VOWELS: Is that on whose part?
11 Having trouble scheduling with her?

12 MR. MALLOY: No, the plaintiff hasn't
13 pushed the case.

14 MR. VOWELS: I understand that. I've
15 been in that situation myself. And I remember
16 the name because remember when we were in law
17 school in real property class, there was White
18 Acre and Black Acre.

19 MR. MALLOY: Right, exactly. I
20 remember those well, and a bundle of sticks
21 for the property.

22 MR. VOWELS: The only, as far as
23 investigative issues that we've got in our
24 materials, the main one was what we dealt with
25 yesterday in the disciplinary action of the



1 Neegee situation.

2 I think the question that I would have
3 today is, what due diligence measures are in
4 place now or will be put in place in reaction
5 to what went on there?

6 MR. MALLOY: Right. With respect to
7 the issue with the Illinois Gaming Board,
8 we're required to file with them new policies
9 which we're calling the business relationship
10 and business disclosure forms. We have
11 submitted those to the Illinois Gaming Board,
12 and with the changes that occurred within that
13 gaming board we have not been able to schedule
14 a meeting with them in order to sit down and
15 go through the policies and make sure that
16 they achieve the goals that everybody is
17 trying to achieve with these policies.

18 And I've told the Illinois Gaming
19 Board that following the satisfaction that
20 they believe the policies do what they're
21 supposed to do, that I would like to go around
22 to each of the other Gaming Commissions or
23 gaming staffs and make sure that it satisfies
24 their requirements on information and due
25 diligence and the like.



1 Since the time that we had this issue
2 with Illinois, we really haven't had the
3 occasion to enter into the kind of contracts
4 that are going to be dealt with, just because
5 of our current, trying to integrate the
6 Empress into our property and focusing on
7 internal growth.

8 MR. VOWELS: I would note in here
9 that, for future reference, anybody whose
10 father's whose nickname was Killer might be a
11 tipoff.

12 MR. MALLOY: That, and no-no's.

13 MR. VOWELS: And someone's father
14 actually was that nickname, that's why I
15 mentioned that.

16 MS. BOCHNOWSKI: So this would be a
17 corporate, an overall corporate policy that
18 you would be instituting that would affect
19 your Indiana operation, your Illinois
20 operation, all your operations --

21 MR. MALLOY: Yes, that's absolutely
22 correct.

23 MS. BOCHNOWSKI: -- at the corporate
24 policy?

25 MR. MALLOY: Yes.



1 MR. VOWELS: I think I've run out of
2 questions. Does anyone else have anything?
3 Okay.

4 MS. BOCHNOWSKI: Yeah. Okay. Way
5 back when we had that -- this isn't the
6 Whitaker situation, but it's the Oxbo, there
7 was like an area saved, a preserved area, and
8 there was some concern about the owls and all
9 the lights and everything, and there was a
10 group, an Oxbo, kind of a not-for-profit group
11 that supported the Oxbo conservation area or
12 whatever it was called. And I just want to
13 make sure everything is okay with that.

14 MR. MALLOY: Oxbo is actually a
15 landowner. I'm not sure which direction that
16 is on the river.

17 MS. BOCHNOWSKI: Or what is it called?
18 Was it Oxbo, or what was it? It's was like an
19 area and there was owls and so on there, and
20 there was a group. Maybe they did own it.

21 MR. MALLOY: Yeah, that was in part an
22 issue both between Oxbo and the Whitakers, and
23 the way she wanted that to be developed.

24 MS. BOCHNOWSKI: But there was a whole
25 separate group, it had nothing to do with her.



1 MR. MALLOY: Yeah, Oxbo is actually --
2 they are a landowner on the river towards
3 Cincinnati, and nothing has changed in that
4 area.

5 MS. BOCHNOWSKI: I mean, are you
6 getting along okay with them? Have you worked
7 well with that group? We haven't heard any
8 complaints.

9 MR. MALLOY: Yes, we have.

10 MS. BOCHNOWSKI: They were very
11 concerned about the effect that this would
12 have on that natural area.

13 MR. MALLOY: Right. And they were
14 also concerned about the Whitaker suit and
15 what she was trying to accomplish through her
16 suit, they were opposed to what she wished.

17 MS. BOCHNOWSKI: Right. Oh, yeah, I
18 know that. That's why I was saying, this was
19 two different things.

20 MR. MALLOY: Yeah.

21 MS. BOCHNOWSKI: So that seems to be a
22 non-issue right now?

23 MR. MALLOY: That's correct.

24 MS. BOCHNOWSKI: Okay. That's all I
25 wanted to make sure.

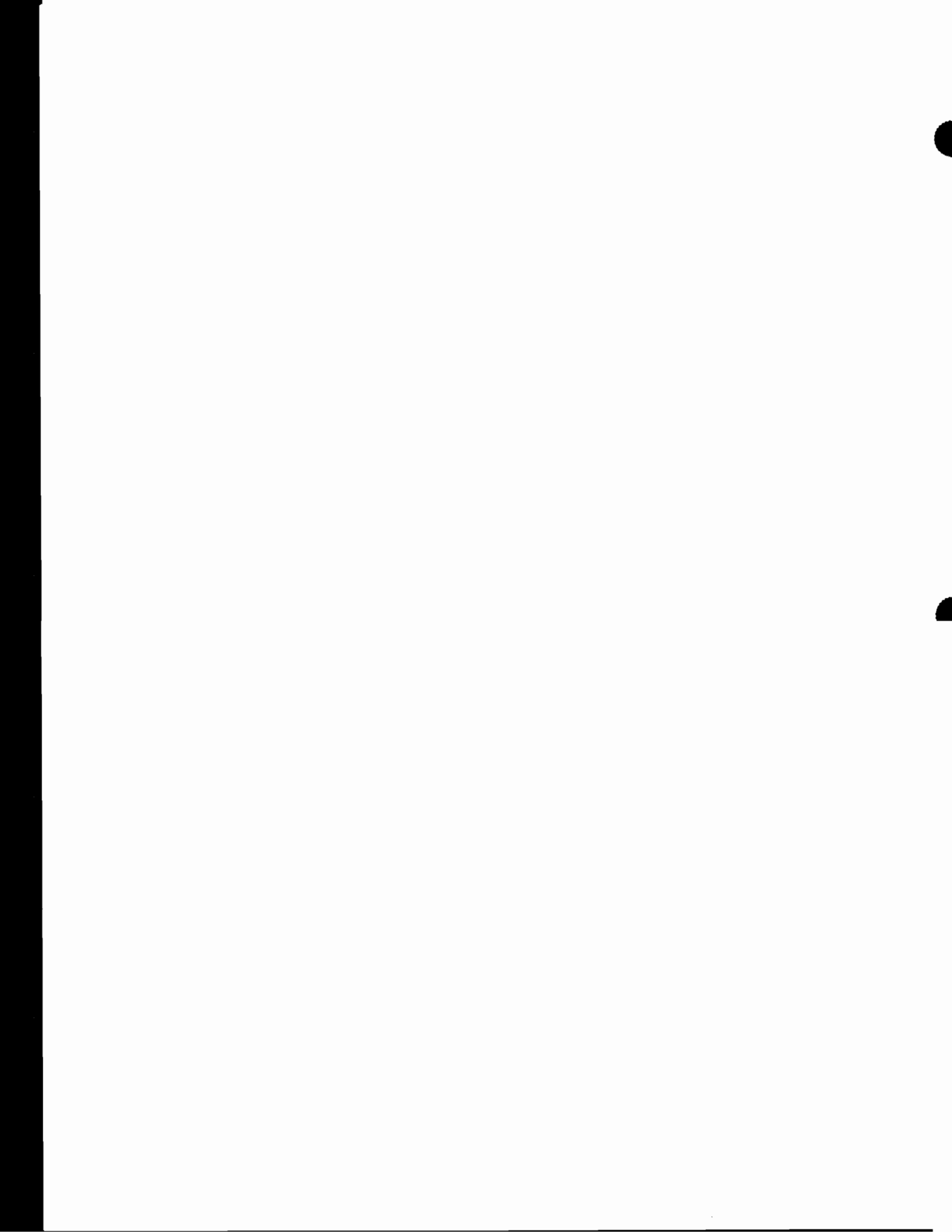


1 MR. THAR: I have three quick areas,
2 if you don't mind.

3 Mr. Perry, during the course of your
4 opening remarks you kind of left out
5 discussions of maintenance capital, financial
6 outlook and impact of potential new gaming
7 competition from Ohio and Kentucky. You
8 seemed to cover a good portion of those in
9 response to certain questions here. Is there
10 anything more you'd like to add?

11 MR. PERRY: I guess I was trying to
12 make sure that I didn't outwear my welcome and
13 speak as briefly as possible. As far as
14 maintenance capital, I just referred to the \$8
15 million to \$10 million that we will continue
16 to spend in Lawrenceburg every year. You saw
17 some of the benefits today as we toured the
18 casino floor where we're redoing the second
19 deck and we will continue -- I'm a firm
20 believer that you need to keep the place
21 fresh, and hopefully many of you feel this
22 facility looks better than it did when it
23 opened five years ago. I would hope that it
24 looks at least as it did five years ago.

25 Secondly, as it relates to -- by the



1 way, that is not a commitment just at
2 Lawrenceburg, that's a commitment throughout
3 the company as well.

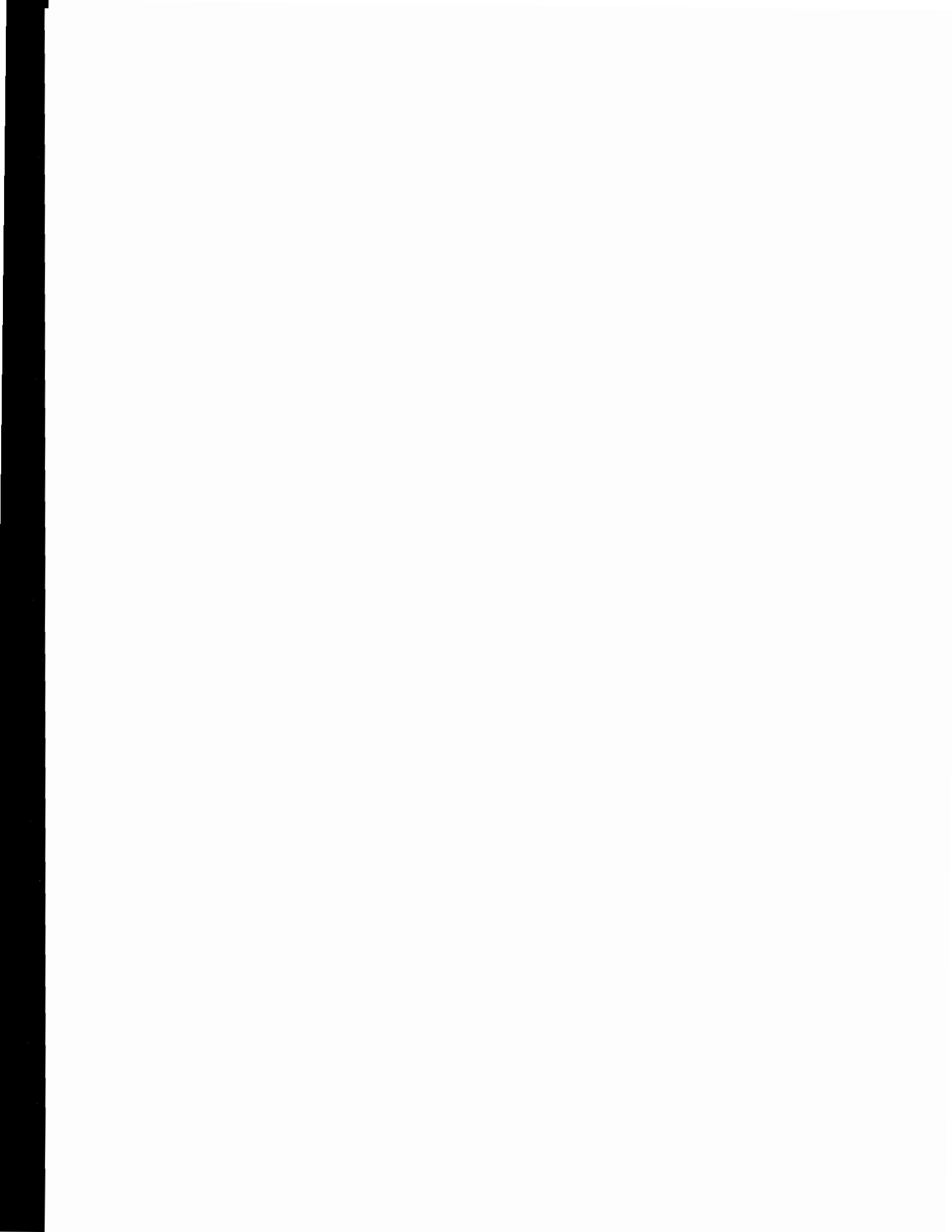
4 The financial outlook for the company
5 as a whole, I think is very good. We have
6 some pretty conservative financial standards
7 that we go by. We will not lever ourselves
8 over four times our Eva Dow (phonetic), which
9 is about the lowest you have in the mid cap
10 gaming sector, and we will always maintain two
11 and a half times coverage.

12 The recent acquisition of the Empress
13 facility enabled us to improve our bond
14 rating. One of the few times that you can
15 lever up and actually improve your bond
16 rating, which is what we were able to
17 accomplish because of the diversity that we
18 got in our cash flow. I will add that we were
19 able to trade out some of those floating rate
20 interests most recently, so we have a
21 significant amount of our debt dollars under
22 six percent, which for a company like this,
23 when I came to the company and the debt cost
24 was in excess of 13, that enables us to do
25 additional things.



1 So the opportunity to expand, whether
2 that be in Kansas City, Joliet or here again
3 in Lawrenceburg, we have financial capability
4 to do that, just from the existing cash flow
5 that our properties are generating.

6 And, finally, a little bit about the
7 Ohio-Kentucky impact. I think it would be
8 foolish as a fellow who grew up in
9 Pennsylvania, born in 1950, where we didn't
10 have race tracks, we didn't have a lottery, we
11 weren't going to have any of that stuff, to
12 sit down and say that there may not be
13 continued expansion of gaming, particularly as
14 it relates to states that need to reach the
15 coffers and, very frankly, many of the people
16 in the State of Kentucky and State of Ohio are
17 our customers, to not be prepared for the
18 impact that should they pass gaming in Ohio or
19 Kentucky, that we're prepared for that. I
20 think that by building hotel rooms over the
21 long run, we can insulate our property here in
22 Lawrenceburg to some extent, but I don't want
23 to dismiss the fact that our Board has said
24 that we need to do something to make sure we
25 protect our flanks.

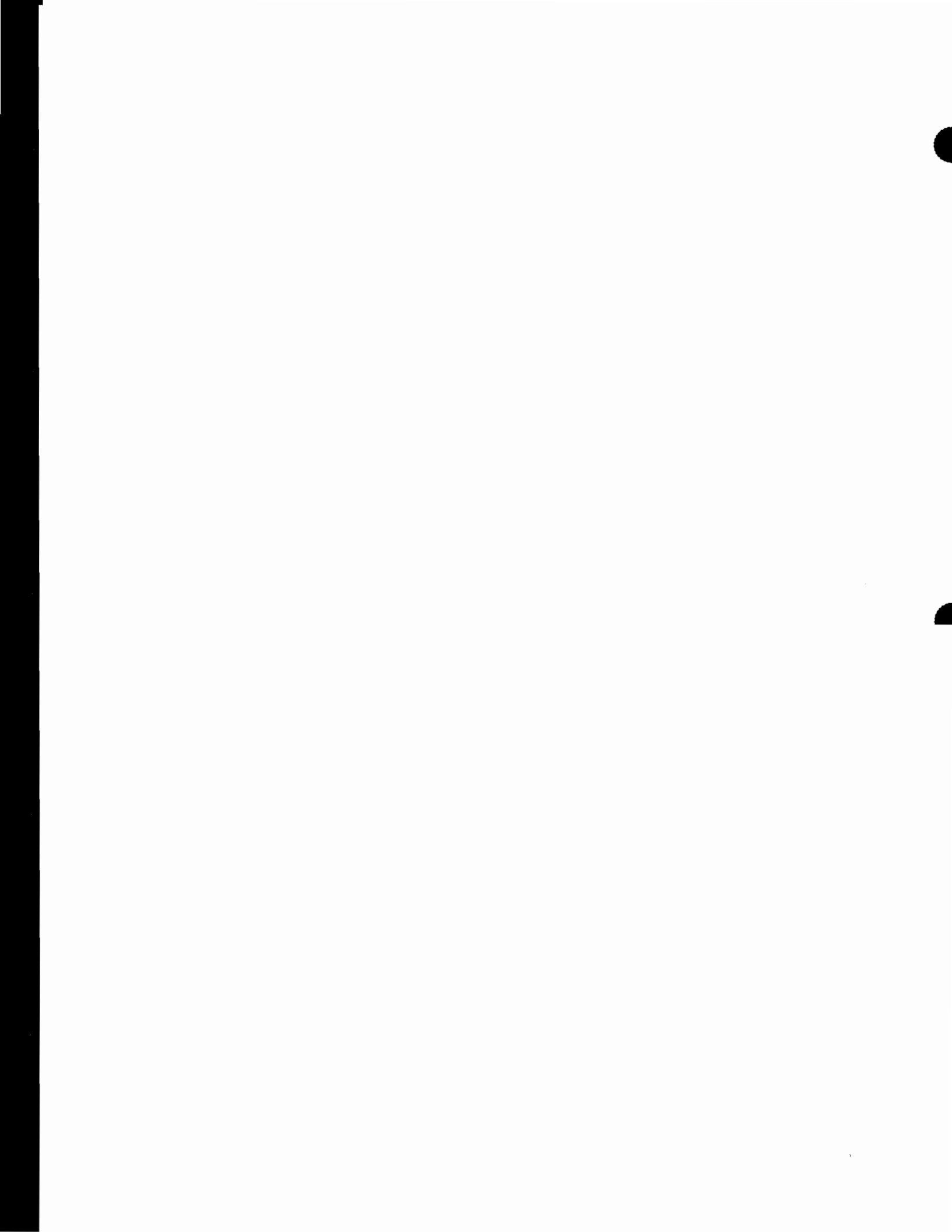


1 So to the extent that we would invest
2 in opportunities, any neighboring state that
3 would approve gaming, that we see that as a
4 way to grow our company, but I want to assure
5 you, the members of the State of Indiana, that
6 we wouldn't do anything to diminish the
7 opportunities that we see here.

8 I often comment that McDonald's didn't
9 get to be McDonald's by opposing the sale of
10 hamburgers in the next state. I think if
11 we're going to grow and continue to be
12 vibrant, we have to take advantage of the
13 opportunities, but we will never lose sight of
14 the fact that in our five existing locations,
15 we need to continue to reinvest and build for
16 the future.

17 MR. THAR: Thank you.

18 Mr. Block, just two areas quickly.
19 This is kind of good casino operation down
20 here, but you've always had a problem in one
21 area that does not seem to want to clear up,
22 and that's in regard to cage variances. You
23 seem also to have had a problem retaining cage
24 employees. First, how are you -- is your
25 retention of cage employees improving?



1 MR. BLOCK: Yes.

2 MR. THAR: And to what degree? Can
3 you elaborate on that?

4 MR. BLOCK: I don't have the latest
5 turnover figures with me, but it has come down
6 substantially. We made a change in our cage
7 manager mid summer. She has adopted the
8 principles of quality of life for her
9 employees, better training, better scheduling,
10 the kinds of things that we think have made a
11 big difference. We went through our biggest
12 day of the year, biggest weekend of the year
13 after Thanksgiving. We had every cage window
14 open, which as a big proponent of service and
15 when I hate to see lines at the cage, I can
16 tell you that this was the best staffed
17 holiday weekend we've ever been through. I
18 think we've made dramatic improvements in all
19 facets of the cage. Variances have come down.
20 And I think we'll continue to see improvement
21 in that area.

22 And we realize that it has been a
23 source of concern for the staff at the
24 Commission and our staff as well, from a
25 control standpoint, internal controls, and



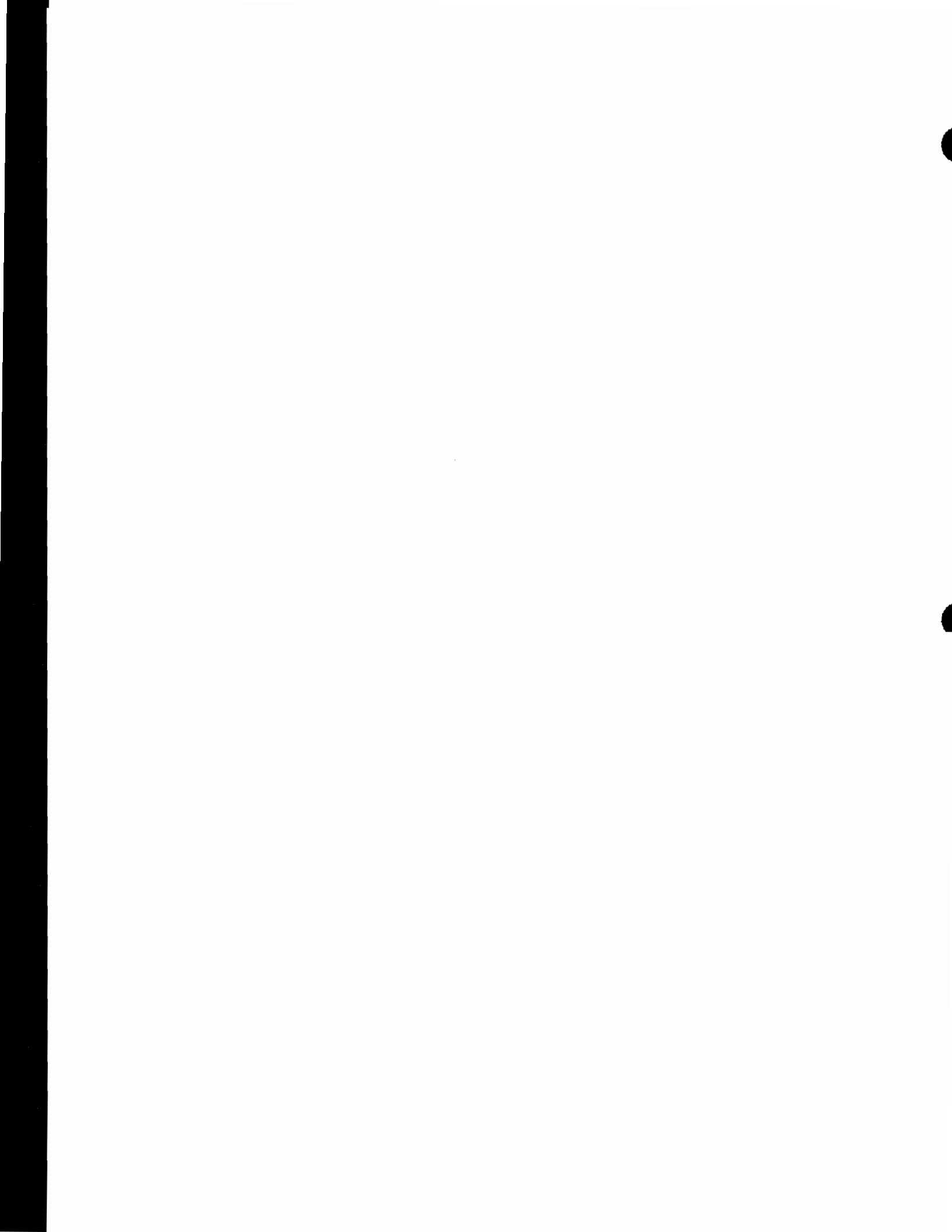
1 customer service, and we're focusing on all of
2 those.

3 MR. THAR: I don't remember what month
4 it was, but before we came down here my
5 department advised me that you had 256
6 variances in a month. Was that in October?

7 MR. BLOCK: I don't know.

8 MR. THAR: There are some casinos that
9 are operating at less than four or five a
10 week, and it is an area that we're going to
11 have to continue to keep a very close look at.
12 We recognize the issues with regard to
13 employee retention and how difficult it can
14 be, in particular a cage area, but seeing that
15 many variances makes it difficult to sort out
16 what's an accounting problem and what's a
17 theft, as you're well aware of.

18 MR. BLOCK: Right. We have had some
19 thefts most recently, and I think that the
20 discovery of those thefts have shown that the
21 internal controls have worked. In our
22 discussions with Frank Brady and his staff,
23 that that does happen. We have a
24 hundred-dollar theft -- there is a balance as
25 well that you can't spend \$10,000 to safeguard



1 a hundred. So we have tried to make sure that
2 that balance is very much weighted on the side
3 of internal controls, and I think that they've
4 most recently shown that they've worked.

5 MR. THAR: The last area. You
6 discussed your responsible gaming. As I was
7 listening to it, it seems like the focus of
8 your efforts are what to do when somebody
9 comes to you and says, I have a problem with
10 gaming. To what extent has your company or
11 your employees identified someone who has a
12 problem gambling, and what is done by the
13 company when such an identification is made by
14 the company as opposed by the individual?

15 MR. BLOCK: Normally when that
16 identification is made it's brought to the
17 department head, if that being table games or
18 slots. Then that gets advanced to me. We
19 talk about it. We make sure that we have a
20 conversation, a careful conversation with that
21 patron, it's a sensitive area, obviously, to
22 make sure that they are enjoying themselves.
23 We restrict their credit. They're not able to
24 take out more than their normal credit on any
25 given gaming day so they have to think about



1 what they're doing. And we have informal
2 conversations with them, and quite frankly,
3 just ask them if they think that their gaming
4 experience is getting out of control.

5 We do refer them with a hot line and
6 give them all the collateral information we
7 talked about, make sure that they know that
8 they have easy access for help and we follow
9 up, particularly if they're frequent visitors.

10 MR. THAR: How many patrons have you
11 so identified in that fashion and followed
12 that procedure?

13 MR. BLOCK: I really don't have that
14 number offhand. I'd really hate to tell you.

15 MR. THAR: Is it more one?

16 MR. BLOCK: Oh, yes.

17 MR. THAR: Is it less than a hundred?

18 MR. BLOCK: Probably.

19 MR. THAR: So we could say ballpark
20 figure, somewhere between 25 and 75, maybe?

21 MR. MALLOY: Yes.

22 MR. THAR: For an estimate?

23 MR. BLOCK: Yes.

24 MR. THAR: Could you keep those
25 figures over the next three years?



1 MR. BLOCK: Sure.

2 MR. THAR: It does indicate that
3 casino is taking affirmative steps rather than
4 just saying that we have a responsible gaming
5 program and waiting for the patron to identify
6 themselves.

7 Secondly, there's some people that say
8 the difference between a premium player and a
9 problem gambler is whether or not he can pay,
10 and we would hope that you would do a little
11 bit more than, all of a sudden, wait until
12 somebody couldn't pay their marker,
13 particularly when you make claims, as all the
14 casinos make claims, that we're very much into
15 the problem of gaming. So if you could
16 maintain the statistics of how this has
17 happened, it would be appreciated.

18 With regard to the cage variances, one
19 of the conditions that would be proposed with
20 regard to your license is to provide the
21 commission staff with remote dial in to your
22 slot and account management systems. Do you
23 have any problem with that?

24 MR. BLOCK: No.

25 MR. VOWELS: Are there any other



1 questions? Mr. Thar, is there anything
2 further?

3 MR. THAR: No.

4 MR. VOWELS: All right. As Mr. Thar
5 spoke of, there are certain conditions that
6 would have to be agreed upon as we renew this
7 license.

8 Let me just read those to you, and you
9 can respond to them as I go through them.

10 The first, as Mr. Thar said, that you
11 would provide Commission staff with remote
12 dial in to Argosy's slot and account
13 management system, and you responded that you
14 would.

15 And then the second condition is that
16 Argosy is supposed to bond in the amount of
17 one million dollars to secure its economics
18 obligations. Will you do that?

19 MR. BLOCK: Yes.

20 MR. VOWELS: And Argosy is to continue
21 to maintain adequate insurance pursuant to
22 68 IAC 2-1-8. Will you do that?

23 MR. BLOCK: Yes.

24 MR. VOWELS: And that Argosy is to
25 continue to maintain its commitment to the



1 goals of minority and women's business
2 participation as set forth in the statute,
3 Indiana Code 433.14, et seq. Will you do
4 that?

5 MR. BLOCK: Yes.

6 MR. VOWELS: And Argosy is to comply
7 with all rules and regulations that are
8 adopted by and under which the Commission
9 operates pending final promulgation of the
10 rules. Are you agreeable to that?

11 MR. BLOCK: Yes.

12 MR. VOWELS: And the sixth condition,
13 that Argosy is to keep the riverboat pavilion
14 in compliance with all other state and local
15 rules for the lawful operation of riverboat
16 gaming, including but not limited to Army
17 Corps of Engineer permitting, United States
18 Coast Guard certification and such other
19 federal, state and local licensing permitting
20 or certification requirements as are necessary
21 for alcoholic beverage service, food service,
22 construction and the overall public health.
23 And are you agreeable to that?

24 MR. BLOCK: We are.

25 MR. VOWELS: In front of me then is an

1 order of the Indiana Gaming Commission
2 regarding the renewal of the riverboat owners
3 license of the Indiana Gaming Company, LLP,
4 and this would be at the renewal of Argosy's
5 riverboat license for a period of one year.

6 Is there a motion in reference to the
7 approval or denial of this riverboat owners'
8 license?

9 REPRESENTATIVE ROSS: Move that we
10 approve the license.

11 MR. VOWELS: Is there a second?

12 MS. BOCHNOWSKI: I'll second it.

13 MR. VOWELS: Is there any further
14 discussion?

15 All those in favor say aye.

16 (Unanimous ayes.)

17 MR. VOWELS: The license is renewed.

18 MR. BLOCK: Thank you very much.

19 MR. VOWELS: Then we'll go ahead and
20 entertain a motion to adjourn.

21 Is there a motion?

22 MS. BOCHNOWSKI: So moved.

23 MR. VOWELS: Is there a second?

24 MR. THAR: Second.

25 MR. VOWELS: All those in favor say

1 aye.

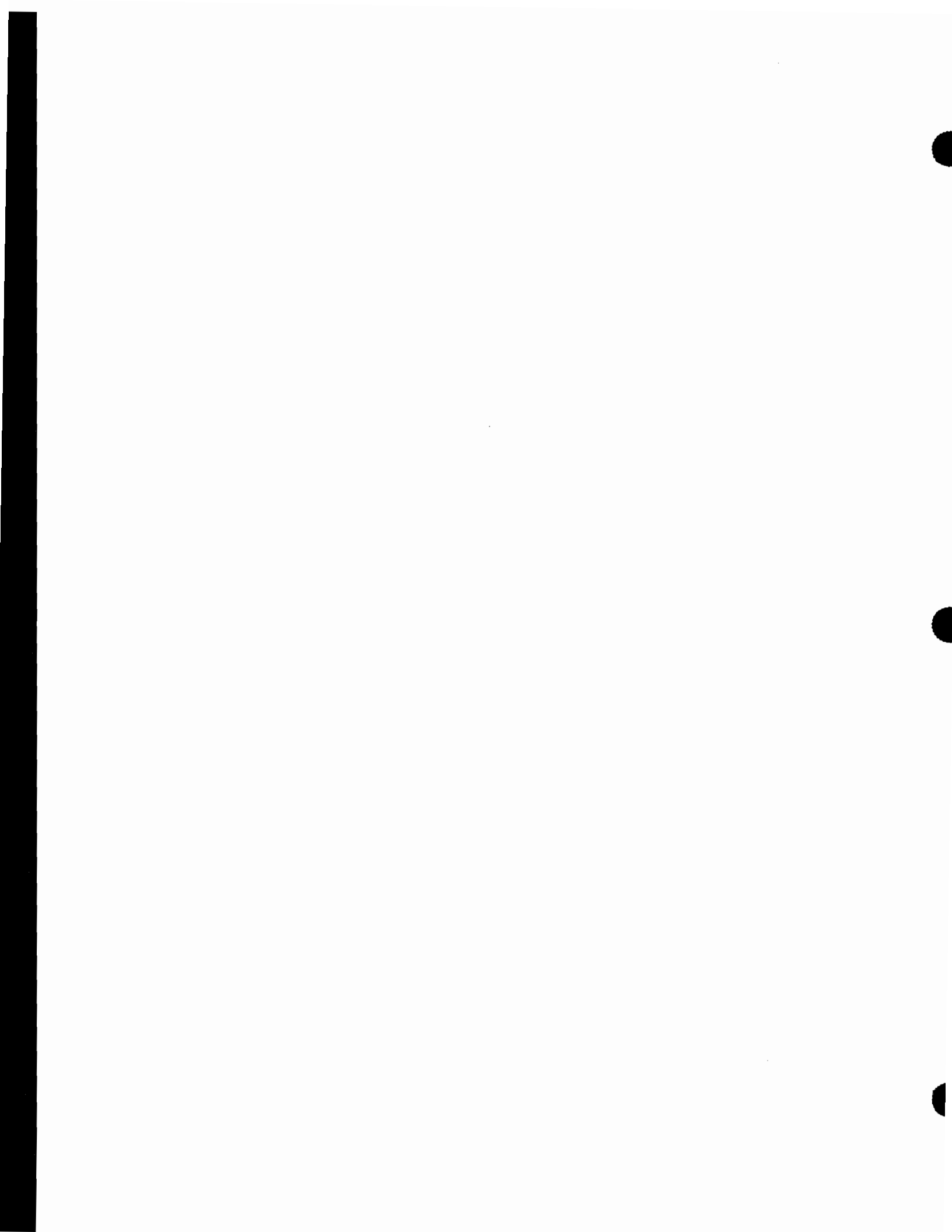
2 (Unanimous ayes.)

3 MR. VOWELS: Meeting's adjourned.

4
5 (MEETING ADJOURNED AT 1:20 P.M.)

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C E R T I F I C A T E

1
2 STATE OF INDIANA :
3 : SS.
4 COUNTY OF DEARBORN :

5 I, Marlene T. Wullenweber, RPR, the
6 undersigned, a duly qualified notary public within
7 and for the State of Indiana, do hereby certify that
8 the above 130 pages were transcribed by means of
9 computer under my supervision; that I am neither a
10 relative of any of the parties or any of their
11 counsel and have no interest in the result of this
12 action.

13 IN WITNESS WHEREOF, I have hereunto set my
14 hand and official seal of office at Brookville,
15 Indiana, this 2nd day of January, 2002.

16 _____
17 Marlene T. Wullenweber-RPR-CSR-Notary Public
18 State of Indiana

19 My Commission expires:
20 January 4, 2007.
21
22
23
24
25

