

BUSINESS MEETING

March 23, 2005, 10:00 a.m.
115 West Washington Street
South Tower, Suite 950
Indianapolis, Indiana 46204-3804

Call to Order and Roll Call:

Chairman Donald Vowels called the meeting to order at approximately 10:35 a.m. local time. A quorum was present.

Present:

Commission Members: Donald R. Vowels, Chair; Marya Rose, Acting Secretary; Bryan Robinson, Tim Fesko and W. Harold Calloway. Staff: Ernest E. Yelton, Jennifer Arnold, Phil Sicuso, Major Carlos Pettiford, Captain Sherry Beck, Jennifer Chelf, Susan Brodnan, Leanne Bailey, Catherine Hood, Michelle Marsden, Tami Timberman and members of the public. It was announced that Bryan Robinson, Tim Fesko, and W. Harold Calloway had been appointed to the Commission by Governor Mitch Daniels.

Approval of the Minutes:

Upon motion by Marya Rose, second by Harold Calloway, and the unanimous vote of those present, the Commissioners approved the proposed minutes of the December 3, 2004, business meeting.

Report of the Executive Director:

Phil Sicuso, new Chief Legal Counsel and Tami Timberman, Administrative Assistant to the Executive Director, were introduced to the Commissioners. It was announced that Catherine Hood, Staff Attorney, would be leaving effective April 14, 2005. It was also announced that Doreen Isaacson is a new member of the Field Audit Team.

Waiver of Rules and Regulations:

- Trump was granted a waiver to allow for empty drop buckets to be replaced in the machine and reused rather than collected.
- A waiver was granted to Horseshoe to remove the drop door switches on ticket-in ticket-out machines. A similar waiver was granted to Harrah's regarding the requirement that drop doors display the number of times the drop door has been opened as Harrah's has only ticket-in ticket-out machines.

- Caesars and Horseshoe were granted a waiver of several drop bucket collections procedures as well as certain hard count procedures, and Trump was granted a waiver of one drop bucket collection procedure as all three of these riverboats will soon be completely ticket-in ticket-out.
- Harrah's was granted a waiver allowing the submission of the soft count drop door slip in place of the master gaming report and bill validator report.
- A waiver was granted to Caesars in order to retain e-tickets for ninety (90) days.
- Harrah's was granted a waiver allowing security guards to pull and replace drop boxes.
- A waiver was granted to Caesars to allow for patrons who are physically unable to perform the appropriate hand signals indicating their intent as required when playing Blackjack. This waiver is limited to these circumstances.
- Grand Victoria was granted a waiver allowing for the submission of the cash transfer sheet rather than the master gaming report to the main bank.
- Caesars was granted a waiver allowing that each tip count team may be comprised of two dealers rather than one dealer and one cage cashier.
- A waiver was granted to Argosy regarding the requirement that a metal detector must be maintained outside the hard count room and required a weekly test of the metal detector as all token machines are now ticket-in ticket-out machines.
- Blue Chip and Resorts were granted waivers in order to offer a twenty-five cent value chip.
- Horseshoe was granted a waiver to allow for Horseshoe to offer Blackjack tables with four, five, or six areas designated for placement of wagers.
- A waiver was granted to Belterra of the requirement to drop tip boxes at the end of each day subject to certain conditions and the approval of revised internal controls.
- A waiver was granted to Grand Victoria of various rules regarding sensitive keys in order to allow for implementation of a new security system regarding obtaining sensitive keys.
- Caesars was granted a waiver to allow for Caesars to use its existing value chips after changing its name.

One of the long term projects Executive Director Yelton has seen is a substantial need to revisit all the regulations and make them current to the processes that the casinos are seeing at the riverboats. In the future hopefully they will bring to the Commission new regulations that will be more current which would eliminate a lot of the waivers.

The previous minutes mailed out to the Commissioners had the wrong submission date on the issue with Matiana Billman. The minutes that were approved have the correct submission date.

At the last meeting there was a request to approve a bond for Pinnacle. The amount of the bond at that time was \$3.5 million. However, the Commission had previously approved a bond to Pinnacle in the sum of 2 million dollars. Since the last Commission meeting, Pinnacle has secured the \$2 million bond in exchange for the \$3.5 million bond, which had been approved by the Commission.

Long time Commission employee Richard Hazlett retired on January 28, 2005.

Senate Bill 626 addresses the issue of Coast Guard Certification of inspections for the boats which are conducted annually. Homeland Security now has jurisdiction over the Coast Guard. They have indicated they will be discontinuing the certification process for permanently moored vessels, which we are not. We are classified as continuously moored vessels. The Coast Guard is strongly urging the State Legislators to relieve them of this responsibility. Because of the uncertainty, we offered a bill that would give alternatives to the Coast Guard conducting and presenting the Certificates of Inspection. If the Coast Guard is not available, we would like to have the opportunity to utilize a third party vendor. We would also like the authority if the Coast Guard made inappropriate rules to use our own standards. Language has been approved for the bill and it is to be heard this afternoon.

House Bill 1522, which concerns removing the Indiana State Police from the office of the Indiana Gaming Commission and returning them to other positions, was introduced. The Indiana Gaming Commission would hire its own gaming agents to replace the Indiana State Police. This bill has the strong support of the Indiana State Police Superintendent. The bill is up for reading this afternoon as amended to SB 626.

Old Business:

There is no old business.

New Business:

Delegation of Authority:

Three resolutions regarding Delegation of Authority to the Executive Director.

Resolution 2005-1

Grants the Executive Director authority to initiate disciplinary actions against riverboat licensees, supplier licensees, and occupational licensees.

Action: Upon Motion by Harold Calloway, second by Marya Rose, and unanimous vote of those present, the Commission adopted Resolution 2005-1.

Resolution 2005-2

Grants the Executive Director authority to enter into settlement agreements with applicants for an occupational license.

Action: Upon Motion by Marya Rose, second by Harold Calloway, and unanimous vote of those present, the Commission adopted Resolution 2005-2.

Resolution 2005-3

Grants the Executive Director authority to issue permanent occupational licenses, levels 1, 2, and 3.

Action: Upon Motion by Harold Calloway, second by Marya Rose, and unanimous vote of those present, the Commission adopted Resolution 2005-3.

New Game Approvals:

Resolution 2005-4

A Resolution concerning approval of the table game Riverboat Hold-em Poker was submitted for approval. Conditional approval was granted on August 5, 2004, pursuant to Resolution 2004-38. Caesars Indiana sponsored the game and has indicated in writing that it wishes to continue offering the game.

Action: Upon motion by Marya Rose, second by Harold Calloway, and unanimous vote of those present, the Commission approved the game of Riverboat Hold-em Poker for use on Indiana Riverboats.

Resolution 2005-5

A Resolution concerning approval of the table game Double Attack Blackjack was submitted for approval. Conditional approval was granted on August 5, 2004, pursuant to Resolution 2004-40. Trump Casino sponsored the game and has indicated in writing that it wishes to continue offering the game.

Action: Upon motion by Marya Rose, second by Harold Calloway, and unanimous vote of those present, the Commission approved the game of Double Attack Blackjack for use on Indiana riverboats.

Conditional Approval

Resolution 2005-6

A Resolution concerning the conditional approval of the table game Texas Hold'em Poker which has been submitted for approval by Mikohn Gaming Corporation. Gaming Laboratories International has reviewed the game and has indicated that it is a variation of the approved game of poker. Majestic Star has indicated that it wishes to sponsor the game and has submitted proposed internal control procedures.

Action: Upon motion by Harold Calloway, second by Tim Fesko, and unanimous vote of those present, the Commission granted six month conditional approval of the game of Texas Hold'em Poker for use on Indiana riverboats.

Resolution 2005-7

A Resolution concerning the conditional approval of the table game Pai Gow Plus has been submitted for approval by Gaming Entertainment Incorporated. Gaming Laboratories International has reviewed the game and has indicated that it is a variation of the approved game of Pai Gow Poker. Majestic Star Casino has indicated that it wishes to sponsor the game and has submitted proposed internal control procedures.

Action: Upon motion by Marya Rose, second by Harold Calloway, and unanimous vote of those present, the Commission granted six month conditional approval of the game of Pai Gow Plus for use on Indiana riverboats..

Resolution 2005-8

A Resolution concerning the conditional approval of the table game Firebet which has been submitted for approval by Hop Bet Incorporated. Gaming Laboratories International has reviewed the game and has indicated that it is a variation of the approved game of craps. Horseshow Casino has indicated that it wishes to sponsor this game and has submitted proposed internal control procedures.

Action: Upon motion by Harold Calloway, second by Tim Fesko, and unanimous vote of those present, the Commission granted six month conditional approval of the game of Firebet for use on Indiana riverboats.

Exclusion List:

Albert Matysak

On or about March 13, 2004, Mr. Matysak was observed at Harrah's Casino exhibiting suspicious slot play which was noticed by surveillance and indicated to them that he may have been attempting to cheat a slot machine. Mr. Matysak's behavior and subsequent arrest on March 13, 2004, were the precursors for the Commission's determination to place him on the exclusion list September 8, 2004. On or about September 16, 2004, Mr. Matysak requested a

hearing on the matter, and it was forwarded to the Administrative Law Judge David Rimstidt for action. Judge Rimstidt conducted a hearing on January 21, 2005, in East Chicago, Indiana. On or about February 18, 2005, Judge Rimstidt submitted his Findings of Fact, Conclusions of Law and Recommendation to the Commission. Judge Rimstidt recommended that the appeal of Mr. Matysak be denied and the placement of Mr. Matysak on the exclusion list be upheld. On or about March 3, 2005, Mr. Matysak submitted an appeal of a decision of the Indiana Gaming Commission staff. Judge Rimstidt submitted an amended Findings of Fact, Conclusions of Law and Recommendation on March 8, 2005, which again recommended that the appeal of Mr. Matysak be denied and the placement of Mr. Matysak on the exclusion list be upheld.

Action: Upon motion by Marya Rose, second by Bryan Robinson, and unanimous vote of those present, the Commission accepted the Findings and Conclusions and the Recommendation of the Administrative Law Judge. The appeal is denied.

Occupational License Matters:

Elise Houston Disciplinary Action 04-OL-AG1

On or about December 10, 2003, Elise Houston was issued a temporary occupational license to work at Argosy as a cage cashier. On or about April 8, 2004, she was issued a permanent occupational license. On June 24, 2004, Ms. Houston was playing blackjack at Casino Aztar. A theft was reported at Ms. Houston's table, and upon review of surveillance it was determined by a Commission agent that Ms. Houston had taken another patron's chips. Ms. Houston was subsequently evicted from Aztar for theft. Due to her actions while a patron at Aztar, the Commission filed a complaint for disciplinary action against Ms. Houston on or about April 19, 2004. The Commission forwarded the matter to Administrative Law Judge David Rimstidt. Ms. Houston's response to the Complaint was received by the Commission on December 10, 2004, and a hearing regarding her appeal was held on February 4, 2005, at Caesars Casino with Administrative Law Judge Rimstidt presiding. On or about February 18, 2005, Judge Rimstidt submitted his Findings of Fact, Conclusions of Law and Recommendation to the Commission. Judge Rimstidt recommended the revocation of Ms. Houston's permanent occupational license.

Action: Upon Motion by Bryan Robinson, second by Harold Calloway, and unanimous vote of those present, the commission accepted the recommendation of Judge Rimstidt. Upon motion of Marya Rose, second by Harold Calloway, and unanimous vote of those present, the Commission approved the revocation of her license.

Supplier License Matters:

Resolution 2005-9

A Resolution concerning the renewal of Supplier's Licenses. On October 6, 2004, by Resolution 2004-5, the Indiana Gaming Commission renewed the Supplier's License held by WMS Gaming Inc.; Bally Gaming, Inc.; Dallman Systems, Inc.; Atlantic City Coin and Slot Services, Inc;

which is also called AC Coin. Commission staff has received the request for the renewal and the annual renewal fee for all of the above-mentioned suppliers.

Action: Upon Motion by Harold Calloway, second by Marya Rose, and unanimous vote of those present, Resolution 2005-9 is approved.

Resolution 2005-10

A Resolution concerning the renewal of Game Cash, Inc. On February 6, 2004, by Resolution 2004-5, the Indiana Gaming Commission renewed Game Cash, Inc.'s Supplier License. Conditions were placed on the Supplier Licenses that they must renew annually or request renewal of their supplier license at least 30 days prior to expiration. On or about October 4, 2004, Certegy, Inc., submitted an application for approval to obtain ownership interest in Game Cash. The Commission's background detective is currently conducting an investigation pursuant to transfer. Commission staff have allowed Certegy to continue operating pending the completion of the background investigation and approval of transfer.

Action: Upon Motion by Marya Rose, second by Tim Fesko, and unanimous vote of those present, Resolution 2005-10 is approved.

Temporary License Matters

Resolution 2005-11

A Resolution granting Temporary Suppliers Licenses to Esco Communications, Inc., and to G&D. They have applied for a Suppliers License and preliminary background investigations are being conducted by the Indiana State Police Gaming Enforcement Section and they have indicated that these companies meet the criteria set forth in I.C. 4-33-7-3 for licensure as a supplier.

Action: Upon Motion by Harold Calloway, second by Marya Rose, and unanimous vote of those present, Resolution 2005-11 is approved.

Riverboat Owner's Matters:

Harrah's License Renewal:

Resolution 2005-12

This resolution concerns the renewal of the Riverboat Owners License held by Showboat Marina Casino Partnership doing business as Harrah's East Chicago. Pursuant to I.C. 4-33-6-12, Harrah's is due for its three year full investigation and annual license renewal on or about April 25, 2005, which precedes the anticipated date of the Commission's next business meeting. The resolution provides for a preliminary finding that Harrah's is currently suitable to hold the owner's license and effectively renews the license until the Commission reconvenes in April to

consider the suitability of RIH Acquisitions Indiana LLC which has submitted an application to acquire the Harrah's license. The renewability of the license for a riverboat in East Chicago will be fully considered at that time.

Action: Upon Motion by Harold Calloway, second by Bryan Robinson, and unanimous vote of those present, Resolution 2005-12 is approved

Caesars Name Change:

Resolution 2005-13

This Resolution concerns the request of RDI/Caesars Riverboat Casino LLC to drop the letters RDI from its name and hereafter be recognized as Caesars Riverboat Casino LLC. The letters RDI stand for Riverboat Development Incorporated which is an entity formerly holding 18 percent interest in the LLC.

Action: Upon Motion by Tim Fesko, second by Bryan Robinson, and unanimous vote of those present, Resolution 2005-13 is approved

Financing:

On December 3, 2004, Representatives from Harrah's Operating Company and Harrah's Entertainment, Inc. appeared before the Commission to present three separate debt transactions which require Commission approval pursuant to 68 IAC 5-3-2. The first was a Securities and Exchange Commission Rule 144A, private placement of up to \$2 billion and an interest rate not to exceed 8 percent. The second was an issuance of a senior floating rate notes in total amount not to exceed \$500 million and a variable interest. Third matter was a refinancing at a variable interest rate of up to \$5 billion in existing indebtedness through the mechanism of amended and restated credit agreement. In mid December, 2004, Harrah's requested a waiver of 68 IAC 5-3 approval requirements for each of these debt transactions pursuant to Commission Resolution 2003-2. Former Executive Director Glenn Lawrence approved the waiver request. The Commission verbally ratified Executive Director Lawrence's approval.

Disciplinary:

**Settlement Agreement in Lieu of Disciplinary Action
Belterra Resort (Indiana) LLC
d/b/a Belterra Casino, Resort & Spa
Complaint No. 05-BT-1**

Commission staff and Belterra have entered into a settlement agreement regarding two regulatory violations. First, an individual worked at a level one position without having submitted an appropriate occupational license application. Second, the surveillance department failed to record drop coverage of a gaming date as required by our regulations. Belterra agreed to pay a fine of \$8,000; \$5,000 for the licensing violation and \$3,000 for the surveillance violation.

Action: Upon Motion by Tim Fesko, second by Bryan Robinson, and unanimous vote of those present, the Commission approved the proposed terms of the Settlement Agreement.

**Settlement Agreement in lieu of Disciplinary Action
Blue Chip Casino, LLC
Complaint No. 05-BC-1**

Commission Staff and Blue Chip have entered into a Settlement Agreement regarding a regulatory violation. Blue Chip personnel issued two credit markers to a patron without following proper credit procedures when their computer system was down, and they were now following the approved manual procedures. Blue Chip agreed to pay a fine in the amount of \$2,500.

Action: Upon Motion by Harold Calloway, second by Tim Fesko, and unanimous vote of those present, the Commission approved the proposed terms of the Settlement Agreement.

**Settlement Agreement in Lieu of Disciplinary Action
Showboat Marina Casino Partnership
Complaint No. 05-HA-1**

Commission staff and Harrah's have entered into a Settlement Agreement regarding an incident where an underage patron boarded the vessel without being asked for identification. Harrah's will agree to pay a fine of \$3,000.

Action: Upon Motion by Tim Fesko, second by Harold Calloway, and unanimous vote of those present, the Commission approved the proposed terms of the Settlement Agreement.

**Settlement Agreement in Lieu of Disciplinary Action
Aztar Indiana Gaming Company, LLC
Complaint No. 05-AZ-01**

A Settlement Agreement was entered into by Commission staff and Aztar regarding regulatory violations. On seven different occasions, decks of cards were not inspected properly before being put into play. Aztar agrees to pay a fine in the amount of \$10,000.

Action: Upon Motion by Harold Calloway, second by Tim Fesko, and unanimous vote of those present, the Commission approved the proposed terms of the Settlement Agreement.

**Settlement Agreement in Lieu of Disciplinary Action
RDI/Caesars Riverboat Casino, LLC**

Complaint No. 05-CS-01

A Settlement Agreement was entered into by Commission staff and Caesars regarding a code and regulatory violation. An underage patron boarded the vessel without being asked for identification. Caesars agrees to pay a fine of \$3,000 for this violation.

Action: Upon Motion by Marya Rose, second by Harold Calloway, and unanimous vote of those present, the Commission approved the proposed terms of the Settlement Agreement.

Settlement Agreement in Lieu of Disciplinary Action Grand Victoria Casino & Resort LP Complaint No. 05-GV-01

A Settlement Agreement was entered into by Commission staff and Grand Victoria regarding a code and regulatory violation. An underage patron boarded the vessel without being asked for identification. Grand Victoria agrees to pay a fine of \$3,000 for this violation.

Action: Upon Motion by Tim Fesko, second by Harold Calloway, and unanimous vote of those present, the Commission approved the proposed terms of the Settlement Agreement.

Argosy Capital Improvement Presentation:

Larry Kinser, Argosy General Manager, spoke regarding a proposed expansion and a Power Point Presentation regarding same was viewed. Paul Keller also spoke during this presentation.

Orange County Project Resolutions 2005-14 and 2005-15

Executive Director Ernest Yelton informed the Commission that during July of last year, the Commission ordered a conditional award of the Orange County Project to the Trump Casino and Hotel Resorts. The Commission entered a resolution authorizing the Executive Director to negotiate the terms of an Operating Agent's Agreement with that award. The Governor requested that the Director make a review of Trump's entire bankruptcy process before proceeding. After consulting with the law firm of Katz and Korin and Dr. Charlene Sullivan, it was the Director's conclusion that there were serious questions concerning Trump's ability and willingness to fully perform as proposed in July and whether it would be a viable operation in the future. In order to have assurances, he concluded they would insert certain terms and deadlines in the Operating Agent's Agreement. On February 28, 2005, they met with the operatives of the Trump Casino and Hotel Resorts to discuss their response to the offer of the terms and conditions of the Operating Agent's Agreement. After a discussion it was its disclosure that the organization was not in a position to make an assertion as to if and when they would be willing to proceed with the riverboat operation project in Orange county until after it emerged from bankruptcy and also had a chance to test the re-organizational plan to see if it would verify the cash flow projections that were made. It was the Executive Director's determination, in concurrence with the Executive Staff that they were not going to indefinitely delay the project.

The Indiana Gaming Commission then terminated negotiations with the Organization. The Commission requests an order rescinding the order making the conditional award to Trump so that they may proceed. The Executive Director outlined Option 1, which is a new Request For Proposals process. If Option 1 were selected today, March 23, the next step would be the posting of a new Request For Proposal by April the 6th. The Executive Director stated what the deadlines would be. Option 2 is a continuation of the original Request For Proposal from last year. Today would also be the opening date of that particular process. He further stated what those deadlines would be. With these time period in mind, it was the Executive Director's recommendation that the Commission give favorable consideration to Option 1 for a new Request For Proposals. Also, Resolution 2005-15 establishes an application fee and delegates authority to the Executive Director to establish a form and a deadline for applicants who wish to apply for the contract Operator Riverboat located in the historical hotel district.

Action: Upon Motion by Harold Calloway, second by Tim Fesko, and unanimous vote of those present, the Commission agreed to uphold the Executive Director's recommendation to rescind the previous Order. Upon Motion by Tim Fesko, second by Harold Calloway, the Commission approved Option One. Resolution 2005-14 is approved. Upon motion by Marya Rose, second by Harold Calloway, Resolution 2005-15 is approved.

Other Business:

The Chair recognized Jason Barclay, Special Counsel and Policy Director to the Governor, who announced that Governor Daniels had appointed W. Harold Calloway as Chairman of the Commission as of March 24, 2005. He further acknowledged Chairman Vowels' previous service to the Commission for the State of Indiana.

Next Meeting:

The next business meeting of the Indiana Gaming Commission will be April 21, 2005. The exact time and place will be announced.

Adjournment:

Upon motion by Harold Calloway, second by Tim Fesko, and unanimous vote of those present, the meeting was adjourned at approximately 12:30 p.m.

Minutes:

Baynes & Shirey, Inc., Court Reports, transcribed the March 23, 2005, Business meeting. The transcript is a complete record of the meeting. Anyone wishing to see the transcript may review it in the Commission Office or obtain a copy of the transcript from Baynes & Shirey, Inc., Circle Center, 111 Monument Circle, Suite 582, Indianapolis, Indiana 46204, (317) 231-9004.

These minutes were prepared by Tami Timberman, Administrative Assistant for the Indiana Gaming Commission.

Respectfully Submitted,

Tami Timberman

THE INDIANA GAMING COMMISSION:

Harold Calloway, Chair

Donald R. Vowels, Secretary