

GAMING COMMISSION BUSINESS MEETING

NOVEMBER 9, 2006

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The above-captioned business meeting was stenographically taken down by me, Robin L. Helton, a notary public in and for the County of Marion, State of Indiana, at 1:00 p.m., on November 9, 2006, at the Indiana Government Center South, 402 West Washington Street, Indianapolis, Indiana, and the following transcript is a true and accurate transcript of the proceedings held.

CIRCLE CITY REPORTING
2050 First Indiana Plaza
135 North Pennsylvania
Indianapolis, IN 46204
(317) 635-7857

A P P E A R A N C E S

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COMMISSION MEMBERS PRESENT:

- William Barrett, Chairman
- Tim Murphy
- Donald Raymond Vowels
- Thomas Swihart
- Timothy Walsh
- Earnest Yelton, Executive Director
- Phil Sicuso, General Counsel
- Jennifer Arnold, Deputy Director
- Mark Mitchell, Director of Charity Gaming
- Tami Timberland, Secretary

1 CHAIRMAN BARRETT: Good afternoon. We will
2 call the fourth quarter 2006 business meeting of
3 the Indiana Gaming Commission to order. I am
4 Bill Barrett, the Chairman of the Commission.
5 Before we take roll, we have a new commissioner to
6 introduce, and I ask the Executive Director to do
7 that.

8 EXECUTIVE DIRECTOR YELTON: Thank you,
9 Mr. Chairman.

10 It's a pleasure that I introduce to you our
11 fifth Commissioner from the Indiana Gaming
12 Commission, Mr. Tim Walsh from Center Point,
13 Indiana. Tim is currently the Director of Investor
14 Relations for VARA, Capital Management, LLC in
15 Chicago, Illinois. Tim is also a limited partner
16 of Walsh Financial Services. He has an MBA from
17 the Kellogg School of Northwestern University. And
18 majoring in financing and accounting. We welcome
19 him with us as a member of our Commission.

20 COMMISSIONER WALSH: Thank you. That is Crown
21 Point, by the way.

22 EXECUTIVE DIRECTOR YELTON: Oh, I'm sorry.

23 CHAIRMAN BARRETT: With that, we will take the
24 roll of those present.

25 Commissioner Murphy.

1 COMMISSIONER MURPHY: Present.

2 CHAIRMAN BARRETT: Commissioner Vowels.

3 COMMISSIONER VOWELS: Present.

4 CHAIRMAN BARRETT: Commissioner Swihart.

5 COMMISSIONER SWIHART: Present.

6 CHAIRMAN BARRETT: Commissioner Walsh.

7 COMMISSIONER WALSH: Present.

8 CHAIRMAN BARRETT: And the chair is present.

9 First item of business on the agenda is the
10 approval of the minutes from the September 14th
11 meeting. Commissioners, those were distributed to
12 you in your packets. Are there any discussions on
13 the minutes? If not, I will entertain a motion for
14 their approval.

15 COMMISSIONER SWIHART: So moved.

16 COMMISSIONER VOWELS: Second.

17 CHAIRMAN BARRETT: It's been moved and seconded
18 to approve the minutes from the September 14th
19 meeting. All in favor say aye? All opposed?
20 Thank you.

21 (COMMISSION MEMBERS VOTED AYE)

22 CHAIRMAN BARRETT: Next item on the agenda is
23 the report from the Executive Director.

24 EXECUTIVE DIRECTOR YELTON: Thank you,
25 Mr. Chairman. This quarter's report is more brief

1 than in the past, unfortunately.

2 First, I would like to begin, as I usually do,
3 with a staff update. It is with great regret this
4 afternoon that I announce that Michelle Marsden,
5 our license coordinator and 12-year veteran of the
6 Commission, has tendered her resignation effective
7 the 1st of December. Michelle's husband is
8 relocating in Missouri for employment purposes and
9 for some inexplicable reason she has decided to
10 join him instead of staying with us. But most
11 sincerely, she will be both professionally and
12 personally very much missed by all of us. We wish
13 her the very best success in her new venture.

14 We do have some reports of other hiring within
15 the Divisions of Charity Gaming and Gaming Agents
16 and we will relay those as our reports come up on
17 the agenda.

18 With regard to our restructural and life safety
19 standards, we are currently in the process of our
20 fifth draft of the proposed standards in
21 coordination with the American Shipping Bureau --
22 excuse me, American Bureau of Shipping and the
23 United States Coast Guard. We anticipate a final
24 product will be available for distribution to the
25 industry for comment during the early portion of

1 the first quarter of 2007, and we are hopeful to
2 have the standards available for the Commission
3 action at our next meeting on the first quarter of
4 that next year.

5 Next, we have a report on our NBE/WBE disparity
6 study which is spearheaded by our deputy director,
7 Jenny Arnold, and I will ask Jenny to give a
8 report.

9 DEPUTY DIRECTOR ARNOLD: Thank you, Executive
10 Director Yelton.

11 The meeting of the Disparity Study Advisory
12 Board was held on October 11th. Again, the
13 advisors provided helpful feedback regarding our
14 efforts and raised issues we intend to address as
15 we go about conducting the study and establishing
16 NBE and WBE goals if it's found that the disparity
17 exists.

18 The last batch of purchasing data was delivered
19 to Jude at the Center for Urban Policy this week.
20 In total, Mr. Placid will be analyzing nearly four
21 billion dollars worth of purchases for 2003, 4 and
22 5 with over 27,000 different suppliers. We are
23 still on track to receive a draft toward the end of
24 the year with plans to present the findings to the
25 Commission at the first meeting in 2007.

1 Our attention will now turn to the launch of
2 the new on-line reporting system. The system will
3 insure that purchasing data is uniformly reported
4 and it will be organized for the next study, which
5 is required every five years. The system will be
6 ready for data testing at the end of the year, and
7 we anticipate the casinos will report their 2006
8 purchasing data using the new system.

9 If you have any questions, I will be happy to
10 address them. Thank you.

11 EXECUTIVE DIRECTOR YELTON: Continue with the
12 Executive Director's report.

13 As all of you know, Hyatt Gaming is progressing
14 with its sale of the Grand Victoria property. I've
15 been in contact with a substantial number of
16 interested purchasers, and anticipate a final bid
17 deadline of this Friday. It anticipates it will
18 have final action in selection of a potential
19 purchaser early next year.

20 Your executive staff has met with the Mayor,
21 clerk treasurer and city attorney for Rising Sun
22 and had a fruitful and productive discussion about
23 their thoughts about the potential sale of the
24 Grand Victoria.

25 Also, it's no surprise, you are all aware, that

1 on Tuesday's ballot the Clark County referendum
2 sanction of location of a riverboat was successful
3 by 61 percent of the vote. But I want the record
4 to be perfectly clear and everyone aware that the
5 Indiana Gaming Commission has not been contacted by
6 any gaming entity inquiring as to the process of
7 relocating an existing boat to Clark County. We
8 will keep you further posted as those events occur.

9 Finally, my quarterly waiver report. First, I
10 will mention the waivers granted to all of the
11 boats. They were granted waivers in respect to
12 casinos being in compliance with required
13 surveillance equipment. We are talking about the
14 onset of digital surveillance as compared to
15 analog. No equipment changes will be required for
16 casinos that are planning to have a new vessel in
17 operation by January 1st, 2008. The casino plans
18 to continue using analog, the waivers were granted
19 until December 31st, 2005 to come into compliance
20 with our new rules. And for those replacing their
21 systems digital, must do so by June 30, 2008.

22 We further grant relief for the gaming
23 enforcement agents from signing the visitors log in
24 the surveillance rooms on the boats that they are
25 assigned to.

1 And in an effort to keep Mike Smith from
2 continuing to bug us, we have granted a waiver
3 allowing the dealer to draw until the dealer has a
4 card total of 17 or above. You're welcome,
5 Mr. Smith.

6 French Lick was granted a substantial number of
7 waivers that have probably been given to most of
8 the boats in the previous meeting of the Indiana
9 Gaming Commission, but I will outline those
10 specific for French Lick. They were granted a
11 waiver to collect and count the cage tip boxes
12 weekly. They were granted a waiver allowing the
13 transfer of funds from the soft count room to the
14 main bank without a security escort and not
15 forwarding a copy of the NGR or bill validator
16 report to the main bank.

17 The security escort is not needed because the
18 design of the new casino includes a window from the
19 soft count room to the main bank, allowing for the
20 funds to be transferred without being exposed in a
21 public area.

22 As to not forwarding a copy of the NGR and bill
23 validator report, the casino will forward other
24 forms containing the needed information.

25 French Lick was given relief from the various

1 regulations relating to the token acceptance of the
2 EGDs, token acceptor, hopper mechanism, drop bucket
3 process, internal audit observation and testing.

4 They were granted relief from the drop team signing
5 the mill book but entering the slot machine to
6 perform the drop. They were granted a request from
7 the main bank to have a floating balance and not an
8 impressed amount. They received relief from
9 various regulations as they apply to hopper fills,
10 manual fills, fill slip audit verification and
11 review, internal audit review, and verification of
12 fill slips.

13 French Lick was granted a request to prepare
14 the deposit slips in the main bank instead of the
15 count room. They are allowed to have the blackjack
16 table layouts to have five, six or seven spots for
17 wagering. They were granted a waiver to have a
18 minimum of two dealers on the table games, tip
19 count team eliminating the cash to the cage cashier
20 and the cage cashier will continue to verify the
21 tip amount when it is brought to the cage.

22 Finally, French Lick was granted relief from
23 surveillance, knowing the time and date on the CTR
24 photographs, as well as signing them and forwarding
25 them to the correct department. The surveillance

1 department will also no longer have to inform the
2 other departments that an acceptable photograph has
3 been taken. The photograph will print in the main
4 cage and the cage cashier will be noting the time,
5 date, sign them and forward them to the requesting
6 department. The main bank employee will notify
7 surveillance if the photograph is not acceptable.

8 And that, Members of the Commission, ends the
9 report of your executive director.

10 CHAIRMAN BARRETT: Thank you, Executive
11 Director Yelton.

12 Do any of the Commissioners have any questions
13 for Executive Director Yelton on his report?

14 I will entertain a motion, then, to approve the
15 report.

16 COMMISSIONER MURPHY: I so move.

17 COMMISSIONER SWIHART: Second.

18 CHAIRMAN BARRETT: Move is seconded to approve
19 the report of the Executive Director. All in favor
20 say aye. All opposed same sign.

21 (COMMISSION MEMBERS VOTED AYE)

22 CHAIRMAN BARRETT: Thank you.

23 The next item on the agenda is Superintendent
24 Mahan's report. He is not here this afternoon and
25 I understand Deputy Director Arnold will be doing

1 his report?

2 DEPUTY DIRECTOR ARNOLD: Yes, but if I have to
3 do this in the future, I'll ask for a badge.

4 CHAIRMAN BARRETT: Okay.

5 DEPUTY DIRECTOR ARNOLD: They've already said
6 no on the gun.

7 On October 26th, the investigation section
8 celebrated their one year anniversary. Today
9 they've completed the following: 84 PD-1
10 investigations, one transfer of ownership
11 investigation, two renewal investigations. They
12 have also completed four supplier investigations,
13 including two that was completed since the last
14 meeting. The first is Jameco manufacturer of
15 playing cards, table layouts and gaming supplies.
16 They are located in Blue Springs, Missouri, and
17 they were last investigated in August of 2003.

18 The second is Chipco, the maker of chips and
19 tokens. They are located in Raymond, Maine, and
20 they were last investigated in October of 1997.

21 No issues adversely affecting suitability was
22 identified by either supplier.

23 The section has lodged over 9,400 billable
24 hours. Their percentage of billable time reached
25 81 percent in the third quarter, and they have

1 certainly exceeded our expectations in that regard.

2 The section currently has 79 active PD-1
3 investigations and we anticipate that 70 to 75
4 percent of those will be completed by the end of
5 the year. They also have 8 active supplier
6 investigations.

7 The retention rate for that section has been
8 100 percent. And Superintendent Mahan asked me to
9 note that that's because we chose very good people
10 that are the right fit for the job.

11 Regarding the enforcement section; on October
12 1st, 21 people reported to the fourth recruiting
13 class at the Indiana Law Enforcement Academy.
14 These agents will graduate on November 22nd, and
15 report to Horseshoe and Resorts.

16 On October 31st, our French Lick gaming agents
17 participated in the soft opening of the new casino
18 at the French Lick Resort and Spa. The work that
19 these individuals did to assist and insuring the
20 goal by opening in November was incredible. In two
21 month's time, they have banked over 1,100 employees
22 and processed 1,200 EGEs.

23 Executive staff members are currently
24 conducting interviews for the fifth recruit class.
25 This class will report to the Law Enforcement

1 Academy on January 7th, and will take over the
2 enforcement responsibilities at Argosy and Blue
3 Chip.

4 This concludes my report.

5 CHAIRMAN BARRETT: Thank you, Deputy Director
6 Arnold.

7 Next on the agenda is the report from the
8 Director of Charity Gaming from Mr. Mitchell.

9 DIRECTOR OF CHARITY GAMING MITCHELL:
10 Thank you, Mr. Chairman.

11 Commissioners, since the last business meeting
12 held September 14, 2006, the Charity Gaming
13 Division filled vacancy from a pool of 84
14 applicants. At this time I would like to introduce
15 the two individuals that filled these vacancies
16 back on October 30, 2006. The first individual is
17 Mr. Larry Delaney. Mr. Delaney is a former Indiana
18 State Police officer, retiring from the Indiana
19 State Police in April of 2004 with the position of
20 Deputy Superintendent after 34 years of service.
21 During his career, he held investigative and
22 supervisory positions with the Indiana State Police
23 and is experienced and knowledgable and is an asset
24 to the Commission as a Charity Gaming Investigator.
25 After retiring from the Indiana

1 State Police, Mr. Delaney and his family moved to
2 San Antonio, Texas and resided for two years before
3 returning to Indiana in late summer of this year.

4 The other individual is Ms. Diana Toth.
5 Ms. Toth comes to us with an -- extensive
6 investigative experience, having worked as an
7 investigator at various State and Federal agencies.
8 Her experience will be beneficial to the
9 Commission. Ms. Togs and her family reside in the
10 New Castle, Indiana area. Ms. Togs is currently
11 working for her Bachelor of Science from the
12 University of Indianapolis.

13 In addition to filling the investigators
14 vacancies since the last business meeting, we have
15 initiated a process with the Department of State
16 for two clerical positions on the Charity Gaming
17 staff. And the administrative staff of the Charity
18 Gaming processed 373 licenses and collected over
19 \$347,000 in licensing fees since our last business
20 meeting.

21 Since transferring from the Department of
22 Revenue to the Indiana Gaming Commission July 1st,
23 2006, the administrative staff of the Charity
24 Gaming Commission processed a total of 848 license
25 applications and collected over \$851,000 in license

1 fees. And the investigative staff opened 57
2 investigations.

3 In regards to the proposed Charity Gaming Rule,
4 in October the following staff -- staff members,
5 staff attorney, and secretary, along with myself,
6 conducted three public hearings for the public to
7 make comments. The hearings were conducted in
8 Seymour, Indiana on October 20th of this year,
9 Indianapolis, Indiana on October 21st of this year,
10 and Plymouth, Indiana on October 23rd of this year.

11 With the exception of the Indianapolis hearing,
12 there were -- only a few of the individuals
13 attending the hearings chose to speak on the record
14 about the proposed rules. At the close of each
15 public hearing, the commission staff members were
16 available to answer several questions from the
17 attendees off the record.

18 Ms. Ellingwood is scheduled to present the
19 Charity Gaming Rule and Resolution Number 2006-83
20 later in the business meeting.

21 With that, that concludes our report to the
22 Commission.

23 CHAIRMAN BARRETT: Thank you, Director of
24 Charity and Gaming Mitchell.

25 Any of the Commissioners have any questions

1 regarding the report?

2 Then we will move on to old business.
3 Executive Director Yelton.

4 EXECUTIVE DIRECTOR YELTON: Mr. Chairman, there
5 is no old business for the Commissioner's
6 consideration today.

7 CHAIRMAN BARRETT: No old business.
8 New business with the administrative rules,
9 Mr. Parker, on the weapons rule.

10 ADAM PACKER: Thank you, Mr. Chairman.

11 My name is Adam Packer, I'm a staff attorney
12 with the Commission staff.

13 As many of you know, several months ago we were
14 contacted by a Riverboat licensee regarding some
15 issues with express companies, ATM service
16 companies and Brink's type of companies coming on
17 board the casinos with weapons to protect the cash
18 that they were bringing on the boat to service the
19 on-boat ATMs.

20 In response to that concern, we drafted some
21 changes to the so-called weapons rule, which
22 resides at 68 IAC 1-7-1, including a second
23 provision within that rule, granting the Commission
24 and the Executive Director power to grant waivers
25 of that weapons rule in certain circumstances. The

1 emergency rule was passed by this Commission at a
2 previous meeting and, in the meantime, we have been
3 going through the promulgation process of a formal
4 final rule.

5 Between the time when the emergency rule was
6 passed and now, there has been some minor changes
7 to the rule in order to comply with suggestions
8 made by the Attorney General's office to bring the
9 rule more in compliance with the Attorney General's
10 goals for administrative rules.

11 The Commission staff held a public hearing on
12 this rule and no public comments were received, no
13 one attended the hearing. Additionally, we
14 received no written comments during the public
15 notice and comment period.

16 At this time I ask you to adopt Resolution
17 2006-81, which adopts 68 IAC 1-7-1 and 1-7-2 as
18 final rules.

19 CHAIRMAN BARRETT: Thank you.

20 Any of the Commissioners have any questions on
21 the proposal?

22 If not, the chair will entertain a motion on
23 Resolution 2006-81.

24 COMMISSIONER MURPHY: Mr. Chairman, I recommend
25 we approve Resolution 2006-81.

1 COMMISSIONER SWIHART: Second.

2 CHAIRMAN BARRETT: Moved to second. And
3 approve Resolution 2006-81. All in favor, say aye.
4 All opposed, same sign.

5 (COMMISSION MEMBERS VOTED AYE)

6 CHAIRMAN BARRETT: Thank you, Mr. Packer.

7 ADAM PACKER: Thank you, Mr. Chairman.

8 CHAIRMAN BARRETT: Mr. Klinger, gaming agents.

9 ANDREW KLINGER: Thank you, Mr. Chairman, and
10 Commission members.

11 The second item on your agenda here in terms of
12 rules is the so-called gaming agent rule. You may
13 recall that in June this Commission approved an
14 emergency rule that essentially put in place
15 changes within our existing administrative rules
16 that eliminated references to Indiana State Police
17 and included references to our new division of
18 gaming agents in order to make our rules reflect
19 the current enforcement regime that we have.

20 This rule that you have before you, which is to
21 formally adopt those changes, a public hearing was
22 held on this rule in September. No one attended
23 the public hearing and we received no written
24 comments regarding the rule. You will also note
25 that in the rule document, which affects nearly a

1 hundred different sections of our existing rules,
2 there are also a number of edits that were
3 requested by the Legislative Services Agency in
4 order to make our existing rules conform with
5 current formatting standards.

6 At this time I would recommend the Commission
7 approve Resolution 2006-82 and adopt the rule.

8 CHAIRMAN BARRETT: Thank you.

9 Do the Commissioners have any questions or
10 discussions on the request? If not, chair will
11 entertain a motion on whether to approve Resolution
12 2006-82.

13 COMMISSIONER SWIHART: Move to adopt.

14 COMMISSIONER MURPHY: Second.

15 CHAIRMAN BARRETT: Move to adopt Resolution
16 2006-82. All in favor, say aye. All opposed, same
17 sign.

18 (COMMISSION MEMBERS VOTED AYE)

19 CHAIRMAN BARRETT: Motion carries, it's
20 adopted. Thank you.

21 Ms. Ellingwood as to Charity Gaming rules.

22 MS. ELLINGWOOD: Thank you.

23 I will try to honor my promise from the June
24 Commission meeting and try to keep this under 90
25 seconds while still, of course, competently

1 covering the topic.

2 Charity Gaming, as you know, has transferred
3 from the Department of Revenue to the Indiana
4 Gaming Commission as of July 1, 2006. The rules
5 that were transferred to us from the Department of
6 Revenue had been adopted by the department in 1992
7 and hadn't been updated since then.

8 In June, the Commission adopted emergency rules
9 governing charity gaming, but those rules are set
10 to expire on December 27th of this year.

11 In response, the Commission staff set new rules
12 establishing guidelines and requirements for the
13 licensing organizations, manufacturers, and
14 distributors and for the conduct of charity gaming.

15 As Mark mentioned, we had three public hearings
16 in late October. Although we had very --
17 relatively few people actually make comments on the
18 record, we did stay after hours for a couple of
19 hours and answered questions on the topic.

20 We have included and forwarded to you a copy of
21 the transcript of those meetings and written
22 comments that we received by the Commission. And
23 the staff has reviewed the transcripts and comments
24 and made appropriate changes to the rules and we
25 were also sent a final version of that rule. You

1 should have that in front of you now.

2 The Commission staff recommends that you
3 approve Resolution 2006-83 and adopt the final rule
4 that's before you.

5 EXECUTIVE DIRECTOR YELTON: If I may,
6 Mr. Chairman and Members of the Commission, there
7 is one other issue I would like to clarify here
8 this morning.

9 You have before you all the transcripts and the
10 public hearings that Ms. Ellingwood described, as
11 well as the written comments that were received
12 directly from the agency. You may note that a
13 substantial number of those comments revolve around
14 the concept of gaming qualified organizations'
15 prohibition in using paid employees to participate
16 in a qualified fashion. This has gotten a lot of
17 attention and a lot of misinformation that's out
18 there in the public that first of all I would like
19 to clarify.

20 Initially, this is not new law. This is a
21 statute that existed under revenue's regime of
22 regulated charity gaming. We've not modified that
23 in any fashion whatsoever. We only have
24 regulations that address the statute as it exists.

25 Our entire legal staff, our general counsel,

1 and myself have looked at that statute from every
2 angle and we don't see any room for a different
3 interpretation of that particular statutory
4 language.

5 In response to the comments and also in
6 response to an editorial last week where I was
7 criticized for following Indiana law, that is sort
8 of a habit I've had for the last 27 years. We
9 believe that whether or not an employee who is
10 being paid by a qualified organization to
11 participate in a gaming event is an issue of policy
12 for our legislature and not necessarily for this
13 body as a regulatory agency.

14 So in order for us to be equally sensitive to
15 these organizations in these situations, we are
16 going to adopt a policy that if we receive
17 reports -- and bear in mind, we have received no
18 reports, we have no investigations, we've started
19 no disciplinary actions on this issue, but if, in
20 the future, we do get a report of violation of that
21 statutory provision, then we will make a record of
22 it and we will investigate it. However, we will
23 not institute a disciplinary action until the
24 conclusion of next year's general assembly. If
25 this is a matter of policy that the general

1 assembly wishes to address, we will afford them the
2 opportunity to do so. If, in fact, the statute is
3 amended to allow compensated employees the
4 opportunity to so act, then we will honor that and
5 close those files. But also by the same token,
6 should the legislature, in its wisdom, decide they
7 do not want to change the policy as written in the
8 statute, then there will be no statute limitations
9 and the Commission could proceed with disciplinary
10 actions after that date.

11 CHAIRMAN BARRETT: Thank you.

12 Any discussion on the request to pass
13 2006-83? Entertain a motion to approve Resolution
14 2006-83.

15 COMMISSIONER SWIHART: Move to adopt.

16 COMMISSIONER MURPHY: Second.

17 CHAIRMAN BARRETT: All in favor, say aye. All
18 opposed, same sign.

19 (COMMISSION MEMBERS VOTED AYE)

20 CHAIRMAN BARRETT: Thank you.

21 Voluntary Exclusion Program, Ms. Bunton.

22 ANGELA BUNTON: You have before you five
23 orders regarding the Voluntary Exclusion Program
24 and winnings won by John Doe #15, John Doe #16.
25 Pursuant to the rules of the program, the

1 identities of the Voluntary Exclusion Program
2 participants must remain confidential. Pursuant to
3 68 IAC 6-3-2 (g), a participant in the program
4 agrees that if she or he violates the terms of the
5 program and enters the gaming area of the facility,
6 under the jurisdiction of the Commission they will
7 forfeit any jackpot or anything of value won as a
8 result of a wager.

9 Under Order 2006-84, John Doe #15 won \$1,187.60
10 at Argosy Casino.

11 Under Order 2006-85, John Doe #16 won \$1,933 at
12 Argosy Casino.

13 Under Order 2006-86, John Doe #17 won \$1,212
14 from Argosy Casino.

15 Argosy withheld these winnings as required by
16 Commission regulations. Commission staff
17 recommends that you approve the remittance of these
18 winnings as fines levied against John Doe #15, 16
19 and 17.

20 Under Order 2006-87, John Doe #18 won \$1,511.30
21 at Majestic Star Casino. Majestic Star withheld
22 these winnings as required by Commission
23 regulations. Commission staff recommends you
24 approve the remittance as these winnings as a fine
25 levied against John Doe #18.

1 Under Order 2006-88, John Doe #19 won \$1,500 at
2 Blue Chip Casino. Blue Chip withheld these
3 winnings as required by Commission regulations.
4 Commission staff recommends that you approve the
5 remittance of these winnings as a fine levied
6 against John Doe #19.

7 CHAIRMAN BARRETT: Thank you.

8 Do the commissioners have any questions on the
9 requests? Then the chair will entertain a motion
10 as to case number VEP-06-15 through VEP-06-19 and
11 their corresponding orders, 2006-84 through 2006-88
12

13 COMMISSIONER MURPHY: I move to accept all of
14 those.

15 COMMISSIONER WALSH: Second.

16 CHAIRMAN BARRETT: Move in second. All in
17 favor, say aye. All opposed, same sign.

18 (COMMISSION MEMBERS VOTED AYE)

19 CHAIRMAN BARRETT: Thank you.

20 Mr. Packer, Occupational Licensing Issues.

21 ADAM PACKER: I have four occupational license
22 matters that are ready for your attention and your
23 vote today.

24 First is 2006-89, which is the settlement
25 agreement between the Commission and Michael

1 McEnelly. As four of you will recall,
2 Mr. McEnelly was arrested for an ephedrine related
3 crime and failed to timely report that crime to the
4 Commission. A previous settlement agreement that
5 Commission staff and Mr. McEnelly entered into was
6 rejected at the September Commission meeting. In
7 the meantime, Mr. McEnelly and I reentered
8 negotiations on an appropriate settlement that
9 would comply with the Commission's request from the
10 September meeting. We agreed on a three-day
11 suspension, and Mr. McEnelly has conveyed his
12 acceptance of that offer in writing. At this time
13 I ask the Commission to rule on the settlement --
14 the agreement of the three days and approve order
15 2006-89.

16 CHAIRMAN BARRETT: Thank you.

17 Do the Commissioners have any questions on
18 order 2006-89, the proposed settlement? If not,
19 chair will entertain a motion to approve the
20 settlement.

21 COMMISSIONER MURPHY: Mr. Chairman, I move that
22 we accept this order 2006-89.

23 COMMISSIONER SWIHART: Second.

24 CHAIRMAN BARRETT: All in favor, aye. All
25 opposed, none.

1 (COMMISSION MEMBERS VOTED AYE)

2 CHAIRMAN BARRETT: Settlement is approved,
3 2006-89 is adopted.

4 As to Ms. Davis?

5 ADAM PACKER: Yes, 2006-90 is another
6 occupational license disciplinary matter in the
7 matter of Debra Davis.

8 On or about May 14, 2006, Ms. Davis, a
9 supervisor at Aztar, ordered her to alter an
10 operator's log in the surveillance room at Aztar.
11 The record has relayed to Commission staff that she
12 initially protested this order and inquired
13 supervisor why she was being asked to do this and
14 the supervisor actually wanted her to alter and
15 falsify the log. The supervisor persisted and she
16 altered the operator's log to skew the fact that
17 the surveillance camera was not in the proper place
18 at the time the particular incident occurred on the
19 casino floor. By obeying her supervisor's order
20 and altering the operator's log, Ms. Davis violated
21 68 IAC 12-1-1.5(d), which requires all surveillance
22 employees to perform only tasks in the course of
23 their employment that further the purpose of the
24 surveillance operation.

25 The Compliance Committee of the Indiana Gaming

1 Commission considered Ms. Davis' violation and
2 suggested a settlement of one-day to compensate for
3 her violation. The compliance committee noted to
4 me, and I wish to convey that note, that this
5 matter has been dealt with in two other ways by the
6 Compliance Committee. First of all, they tabled a
7 request to have a disciplinary action against
8 Aztar. That hasn't gone forward yet, but it is on
9 the table at the Compliance Committee. And
10 additionally, Ms. Davis' supervisor was fired by
11 Casino Aztar, therefore, not necessitating any
12 further action by the commission staff against the
13 supervisor's license.

14 At this time I ask you to approve order
15 2006-90, which is one-day suspension settlement
16 between the Gaming Commission and Ms. Davis.

17 CHAIRMAN BARRETT: Thank you, Mr. Packer.

18 Do the Commissioners have any questions for
19 Mr. Packer?

20 MR. VOWELS: In reference to the supervisor, I
21 assume that was a licensed employee of the State of
22 Indiana?

23 ADAM PACKER: It was.

24 MR. VOWELS: Is there anything to prevent them
25 from going to another casino and gaining

1 employment?

2 ADAM PACKER: Without having reviewed that
3 supervisor's file specifically, my understanding is
4 that the supervisor's file has been flagged and
5 that person --

6 EXECUTIVE DIRECTOR YELTON: That is correct.

7 ADAM PACKER: -- and if that person applies for
8 another licensed position at an Indiana casino,
9 that will be taken into consideration.

10 CHAIRMAN BARRETT: But there is no action
11 pending against the supervisor?

12 ADAM PACKER: That's correct. When a licensed
13 employee is terminated, the license terminates with
14 the employment. So there is no license to
15 discipline.

16 MR. VOWELS: If he went to another State far
17 away from here and applied for a job at a casino,
18 had to be licensed and listed Indiana as a prior
19 employer, licensor, would that information be
20 transmitted to that other State?

21 ADAM PACKER: If the other State requested that
22 information then, yes, that would be transmitted to
23 the other State.

24 EXECUTIVE DIRECTOR YELTON: For further
25 information, we were asked consideration not to do

1 either and we declined. So he has been flagged; if
2 we were contacted, we would give the information.

3 MR. VOWELS: What was the incident?

4 ADAM PACKER: I don't remember. I would have
5 to get a member of the compliance committee up
6 here.

7 ANDREW KLINGER: There was a question as to
8 whether or not someone had been inside a slot
9 machine. An unauthorized person inside a slot
10 machine; is that right? And when they went to look
11 at the surveillance to see if someone had gotten
12 into the slot machine, the surveillance camera was
13 not in the right position to be able to pick that
14 up. That was the original incident that started a
15 snowball effect.

16 CHAIRMAN BARRETT: And the conclusion that
17 Ms. Davis was, in the language of the summary, a
18 bit of a player in the event is based on the idea
19 that that person probably that went into that slot
20 machine had no relation to her that you are aware
21 of; right?

22 ANDREW KLINGER: The original incident had
23 nothing to do with what was going on in the
24 surveillance room at the time. The issue there is
25 that the surveillance was not -- the surveillance

1 camera was not in the position it should have been
2 and entry in the log reflecting that. But what
3 happened was this particular supervisor asked his
4 employee to essentially alter the log to make it
5 look as if the surveillance camera had been
6 repositioned for a purpose that really didn't
7 exist. And so it was really the supervisor that
8 kind of commanded the issue and the employee was
9 simply following his orders but still, in doing so,
10 violated the rules.

11 EXECUTIVE DIRECTOR YELTON: Also in support of
12 the conclusion of the committee, I would like to
13 note when she was confronted by the Indiana State
14 Police, she immediately shared all information that
15 really led to the resignation of the supervisor.
16 She was very cooperative.

17 CHAIRMAN BARRETT: And that was another
18 question I had. The supervisor resigned or was
19 terminated?

20 EXECUTIVE DIRECTOR YELTON: He was in the
21 process of being terminated when they accepted his
22 resignation. Mr. Brown, is that correct?

23 GARTH BROWN: Yes, forced resignation.

24 COMMISSIONER VOWELS: Which means if he applied
25 for a job, he can put down he wasn't fired.

1 GARTH BROWN: I think that is noted in the
2 forced resignation. And for the level of the
3 position that he would be applying for. I can
4 speak to this more directly if there are any
5 questions.

6 CHAIRMAN BARRETT: Does anyone have any further
7 questions?

8 COMMISSIONER VOWELS: As this applies to this
9 lady here, I have no problem with what the staff is
10 recommending. My concern is why did the supervisor
11 do what he did and then his license doesn't get --
12 even though he quit, his license was not revoked.
13 I think it's unfair to other jurisdictions around
14 the country; if he doesn't bother putting down it
15 was in Indiana, they may have someone in their
16 employ that can cause real problems.

17 ADAM PACKER: I think if given the opportunity
18 to discipline his license, the Commission staff
19 would recommend that the commission do so; but
20 as a function of his forced resignation, he no
21 longer has a license to discipline. So it puts us
22 in a little bit of a bind.

23 COMMISSIONER VOWELS: I understand.

24 DEPUTY DIRECTOR ARNOLD: Commissioner Vowels, I
25 would also like to add that we did document this

1 very well; so if we do receive a request for
2 information, I think it will be very clear to the
3 other jurisdictions of what occurred.

4 COMMISSIONER VOWELS: Okay. Nothing further.

5 CHAIRMAN BARRETT: Okay. In that case, I will
6 entertain a motion to approve order 2006-90.

7 COMMISSIONER WALSH: I will move to approve.

8 COMMISSIONER SWIHART: I second that.

9 CHAIRMAN BARRETT: Moved and second. All in
10 favor? All opposed?

11 (COMMISSION MEMBERS VOTED AYE)

12 CHAIRMAN BARRETT: Okay. Thank you.

13 ADAM PACKER: We close now the disciplinary
14 action section of the Occupational License matters
15 and move on to felony waivers.

16 In the past few months, with the opening of the
17 French Lick Resort Casino, we have had -- I
18 wouldn't say an unusual amount, but a significant
19 amount of felony waiver applications by
20 occupational license applicants who wish to have a
21 waiver of the felony disqualification to hold a
22 license.

23 During the evaluation process, I determined
24 that three or four of the applicants were not
25 eligible for felony waiver. Two of the applicants

1 have moved on beyond that initial analysis and to
2 the hearing process and actual analysis of whether
3 the person gets a felony waiver.

4 Ms. Towels (phonetic) is the first of the two
5 that I will be bringing in front of the Commission
6 today. She disclosed in her application that she
7 had a felony conviction. The executive summary
8 mistakenly says two felony convictions. She was
9 originally charged with two but was only convicted
10 of one, which was possession of a stolen vehicle.

11 Following and during the hearing that the
12 Commission staff held down in French Lick it was
13 determined that Ms. Towels was on vacation with a
14 friend of hers. The vehicle was possessed by the
15 friend and the friend was not in the vehicle when
16 the police officer saw the vehicle, ran the plates,
17 and determined that it was stolen, and encountered
18 Ms. Towel. She was asleep in the passenger seat at
19 the time the officer came upon the vehicle. This
20 occurred when she was 19 years of age. She has not
21 displayed any similar behavior since. She has had
22 two minor traffic infractions -- I guess one was a
23 B misdemeanor and the other one was an infraction.
24 But nothing in her criminal history indicates that
25 she is even capable of this type of behavior that

1 is characterized in a possession of a stolen
2 vehicle type of charge.

3 For those reasons, and for the fact it was when
4 she was 19 years old and the circumstances of the
5 arrest, I recommend that the Commission grant
6 Ms. Towels' felony waiver application and pass
7 order 2006-91.

8 CHAIRMAN BARRETT: Thank you.

9 Does the Commission have any questions? We
10 will entertain a motion on the request for waiver
11 of a felony conviction.

12 COMMISSIONER SWIHART: Move to grant the
13 waiver.

14 COMMISSIONER MURPHY: Second.

15 CHAIRMAN BARRETT: Moved and second. All in
16 favor? All opposed, same sign?

17 (COMMISSION MEMBERS VOTED AYE)

18 CHAIRMAN BARRETT: Now, as to Mr. Self
19 (phonetic).

20 ADAM PACKER: Yes, Mr. Self is the second of
21 the felony waiver applications for your
22 consideration today. Order 2006-92. Mr. Self was
23 convicted of theft in 1973. It was a felony theft
24 that involved a burglary of a home in Orange
25 County. Mr. Self was traveling with a friend. A

1 friend indicated that he wanted to stop off at a
2 friend's house and needed to pick up some clothes
3 because he was living there at the time. It turns
4 out that Mr. Self's friend didn't live there and he
5 was burglarizing the home. Mr. Self remained
6 behind in the car. He was originally charged with
7 burglary and it was later dropped to theft. He
8 pled guilty. He was a young man at the time. In
9 the 30 plus years since, he has had a few
10 misdemeanor charges for marijuana possession and
11 DWI/DUI type of offenses. The last marijuana
12 conviction was in the late '70s. There is no
13 indication that Mr. Self has any tendency to commit
14 the types of crime that were in his felony
15 conviction.

16 I would remind the Commission of the matter of
17 Ms. Brenda Wilson that we dealt with a few
18 commissions ago. Her unfortunate circumstance was
19 that the character of her 30 plus year old felony
20 was such that it made her ineligible. Mr. Self has
21 a 30 plus year old felony and has had a couple of
22 minor scimmages since then, but the character of
23 his felony is such that he would be eligible for a
24 felony waiver. He is because of the passage of
25 time, and at this time I recommend and ask the

1 Commission to grant the felony waiver of Mr. Self
2 and pass order 2006-92.

3 CHAIRMAN BARRETT: Was he convicted as an adult
4 or a juvenile? It says he was 17 at the time of
5 the offense.

6 ADAM PACKER: I don't have the court paperwork
7 on the conviction, I just have the record of his
8 criminal matters.

9 CHAIRMAN BARRETT: The last marijuana offense
10 was in '89?

11 ADAM PACKER: '89, I'm sorry.

12 CHAIRMAN BARRETT: When was the last offense
13 period?

14 ADAM PACKER: It was a matter of months ago.
15 June or July of this year. It was an operating a
16 vehicle while intoxicated.

17 COMMISSIONER VOWELS: Do you know the outcome
18 of that? Has it been resolved yet?

19 ADAM PACKER: I don't know if it's been
20 resolved yet as of this date.

21 CHAIRMAN BARRETT: What kind of OWI is it?

22 ADAM PACKER: The circumstances of it, he was
23 asleep in the vehicle. He may have been passed out
24 in the vehicle. But the vehicle was not running or
25 operational at the time, but he was charged with

1 the OWI because he was asleep in the vehicle and
2 blew above the .08.

3 CHAIRMAN BARRETT: Misdemeanor charge?

4 ADAM PACKER: Yes. That is the type of charge
5 that would not, under normal circumstances, warrant
6 a disciplinary action.

7 COMMISSIONER VOWELS: What happens with that
8 drunk driving charge that's apparently pending, if
9 he ends up with a conviction and put on probation?
10 Do you guys look at that again?

11 ADAM PACKER: If it's a misdemeanor conviction
12 and of that character -- I mean, the suitability
13 examinations are all on a case-by-case basis, but
14 the OWIs are not usually considered for
15 suitability, especially given the fact that
16 Mr. Self is an engineering supervisor, he is not
17 on the boat. He is not in a position where he is
18 dealing with people all that often and it's a
19 supervisory capacity. He doesn't do a lot of
20 manual labor or drive trucks around or anything
21 that would give us a concern. So just on a cursory
22 glance at it without actually launching a
23 suitability investigation, that's my initial
24 impression of Mr. Self's case.

25 COMMISSIONER VOWELS: The facts of this July

1 2006 drunk driving arrest, would it corroborate in
2 any way from what he related?

3 ADAM PACKER: No.

4 CHAIRMAN BARRETT: You have not seen the
5 probable cause affidavit?

6 ADAM PACKER: I have not.

7 COMMISSIONER VOWELS: Did he give you any idea
8 why it was the police were able to come to a
9 conclusion that the vehicle that was not running
10 that he was asleep in would be termed operating?

11 ADAM PACKER: No.

12 COMMISSIONER VOWELS: No other questions.

13 CHAIRMAN BARRETT: How long did he hold this
14 similar job at a prior entity?

15 ADAM PACKER: He was employed at French Lick
16 through the previous management company since
17 September of 1999.

18 CHAIRMAN BARRETT: Do you know what his
19 employment record was like?

20 ADAM PACKER: I don't know what the employment
21 record was like, but he was the maintenance manager
22 and he maintained that job for almost six years. I
23 believe his current position is a promotion from
24 that previous position.

25 CHAIRMAN BARRETT: Is it safe to say that the

1 new facility operators would have had access to his
2 employment history?

3 ADAM PACKER: I believe so.

4 CHAIRMAN BARRETT: Any further questions or
5 discussions among the Commission members?

6 The chair will entertain a motion to approve or
7 reject the request for waiver of felony
8 disqualification in cause number FW06-03?

9 COMMISSIONER VOWELS: I will move to recommend
10 the recommendation by the staff.

11 COMMISSIONER SWIHART: Second.

12 CHAIRMAN BARRETT: All in favor, say aye.

13 All opposed?

14 (COMMISSION MEMBERS VOTED AYE).

15 ADAM PACKER: Thank you, Mr. Chairman.

16 CHAIRMAN BARRETT: Next item on the agenda is
17 Ms. Marsen for Supplier Licensing.

18 MICHELLE MARSDEN: Good afternoon.

19 EXECUTIVE DIRECTOR YELTON: They are tears of
20 joy.

21 COMMISSIONER VOWELS: For those of you who do
22 not know, she is leaving. She is usually not this
23 emotional reading about supplier's licenses.

24 MICHELLE MARSDEN: Excuse me. Thank you.

25 As I'm before this Commission, I'm here to

1 present to you order 2006-93 concerning the renewal
2 of supplier licensees. In accordance with and
3 subject to the Indiana Code 4-33 and 68 IAC 2-2 of
4 the Indiana Administrative Code, the Commission has
5 previously approved and issued permanent suppliers'
6 licenses to Glory U.S.A., Inc., Gaming Partners
7 International SAS, Vending Data Corporation,
8 Western Money Systems, Global Surveillance
9 Association, Chipco International, Paltronics,
10 Inc., Southwest Surveillance Systems and IEP, Ltd.
11 A supplier's license is valid for a period of one
12 year; and in accordance with IC 4-33-7-8 and 68 IAC
13 2-2-8, a supplier's license must be renewed
14 annually, along with the payment of \$5,000 for the
15 annual renewal fee. Each of these licensees has
16 requested renewal of licensure and the renewal fees
17 have been paid in accordance with 68 IAC 2-2-3(c)
18 and 2-2-8. The Commission has determined that the
19 above-named supplier licensees remain in
20 substantial compliance with IC 4-33 and are
21 suitable to hold a supplier's license.

22 CHAIRMAN BARRETT: Thank you.

23 Does anyone have any questions? If not, the
24 chair will entertain a motion on order 2006-93.

25 COMMISSIONER VOWELS: I will move to renew the

1 licenses.

2 COMMISSIONER MURPHY: Second.

3 CHAIRMAN BARRETT: All in favor, say aye. All
4 opposed?

5 (COMMISSION MEMBERS VOTED AYE)

6 CHAIRMAN BARRETT: Motion carries. Thank you.

7 MICHELLE MARSDEN: I just want to thank the
8 Commissioners, chief counsel, and all staff members
9 past and present for making my last eleven and half
10 years, twelve almost, with the Indiana Gaming
11 Commission a really great experience. I've enjoyed
12 myself. I have been blessed to have worked with
13 all of you. You are a great group within the
14 agency and within the casino gaming industry. I
15 will miss you all. Thank you.

16 GENERAL COUNSEL SICUSO: Thank you, Michelle.
17 I think I can speak for all of the attorneys, we
18 have probably learned more from her. We are all a
19 new bunch, newer than Michelle. It's been a joy
20 and pleasure and learning experience to work with
21 her. So she will be sorely missed. Thank you,
22 Michelle.

23 COMMISSIONER VOWELS: And Michelle, if it makes
24 you feel any better, I'm glad to see you go.

25 MICHELLE MARSDEN: All I can say, Bob, I beat

1 you out.

2 CHAIRMAN BARRETT: Okay, Mr. Brown.

3 GARTH BROWN: Good afternoon Commissioners and
4 Executive Staff. My name is Garth Brown, and I'm
5 the Director of Background Investigations for the
6 IGC. I'm going to give you a brief summary of the
7 licensee Aristocrat Technologies, Incorporated. I
8 believe the final report of this supplier
9 investigation was provided to you in your packet
10 for review.

11 Aristocrat Technologies, Incorporated is a
12 wholly owned subsidiary of Aristocrat Leisure
13 Limited, which is based out of Sidney, Australia.
14 Aristocrat Leisure is one of the largest slot
15 machine manufacturers in the world. Aristocrat
16 Manufacturer distributes a variety of electronic
17 gaming devices, and they also produce several data
18 systems used in the casino industry today.

19 Aristocrat Technologies, which is based out of
20 Las Vegas, Nevada, is the North American branch of
21 Aristocrat Leisure Limited.

22 Aristocrat Technology was granted a temporary
23 license in November of 1996 in Indiana but the
24 investigation was never completed, causing them not
25 to receive a permanent license. This investigation

1 was revisited in February of 2006 and has since
2 been completed.

3 Aristocrat Technology supplies approximately
4 7.66 percent of all the slot machines used on
5 Indiana's riverboat casinos.

6 After completing the investigation, I received
7 and discovered a few historical concerns. However,
8 Aristocrat has taken appropriate steps to get their
9 company back in full compliance in all aspects.
10 There are no current matters that require attention
11 for the company or its key employees.

12 Are there any questions?

13 CHAIRMAN BARRETT: Any discussion among the
14 Commission members? If not, then the chair will
15 call for a motion on order 2006-103.

16 COMMISSIONER MURPHY: Mr. Chairman, I move we
17 accept the order 2006-33.

18 COMMISSIONER SWIHART: Move to second.

19 CHAIRMAN BARRETT: All in favor, say aye. All
20 opposed?

21 (COMMISSION MEMBERS VOTED AYE)

22 CHAIRMAN BARRETT: 2006-103 approved.

23 GARTH BROWN: Thank you.

24 CHAIRMAN BARRETT: Riverboat owner's matters,
25 Phil Sicuso.

1 GENERAL COUNSEL SICUSO: Thank you,
2 Mr. Chairman.

3 The first order for your consideration today is
4 order 2006-94, which if approved would authorize
5 Pinnacle Entertainment, Inc., to finalize a Third
6 Amendment to the company's previously approved
7 Second Amended and Restated Credit Agreement.
8 It would also waive the 68 IAC 5-3-2 meeting rule.
9 Under the terms of the proposed amendment, Pinnacle
10 would be eligible to receive a \$250,000,000 in
11 incremental loans from its lenders which would
12 increase its secured credit facility
13 to an aggregate of \$1,000,000,000.

14 \$250,000,000 at issue would be distributed in
15 the company's preexisting revolving line of credit
16 in its term loan. The Commission members have
17 received a confidential financial analysis of the
18 transaction from the Commission's outside financial
19 expert. Dr. A. Charlene Sullivan has provided you
20 with a confidential report to review and she has
21 recommended approval of the debt transaction.
22 So with that, the staff recommends approval of
23 order 2006-94.

24 CHAIRMAN BARRETT: Thank you, Mr. Sicuso.

25 Are there any questions or discussion by the

1 Commission? If not, the chair will call for a
2 motion on order 2006-94.

3 COMMISSIONER SWIHART: Move to adopt.

4 COMMISSIONER MURPHY: Second.

5 CHAIRMAN BARRETT: Moved in second. All in
6 favor, say aye. All opposed?

7 (COMMISSION MEMBERS VOTED AYE)

8 CHAIRMAN BARRETT: Okay. As to Resorts then.

9 PHIL SICUSO: The next order is 2006-95,
10 Resorts. This order gratifies Executive Director
11 Yelton's October 23, 2006 interim approval and
12 waiver which authorized the parent company of
13 Resorts in Chicago to close on a comprehensive
14 \$960,000,000 refinancing.

15 Under the terms of the interim approval,
16 Resorts was authorized to enter into a \$960,000,000
17 mortgage loan from JP Morgan Chase Bank with the
18 understanding that JP Morgan would likely
19 securitize the loan by transferring the mortgage
20 into a trust which might contain a number of other
21 non-gaming mortgage loans. The trust would be
22 expected to issue multiple classes of certificates
23 evidencing ownership interest in the trust.

24 The October 23rd interim approval approved a
25 number of continuing conditions which must be

1 satisfied by Resorts in order for the approval to
2 remain in effect. If approved by you and drafted,
3 this order 2006-95 would memorialize and continue
4 those conditions.

5 With that in mind, the Commission staff
6 recommends that you approve order 2006-95.

7 CHAIRMAN BARRETT: Thank you.

8 Do the Commissioners have any discussions or
9 any questions on 2006-95?

10 COMMISSIONER VOWELS: Just so I can be clear,
11 \$960,000,000 mortgage -- so I assume that the
12 property is the collateral of some sort?

13 GENERAL COUNSEL SICUSO: The property is
14 certainly involved. I know that Mr. Amato is here
15 from Resorts and if you would like him to address
16 these specific questions on the financing --

17 COMMISSIONER VOWELS: I will just jump ahead.

18 GENERAL COUNSEL SICUSO: Sure.

19 COMMISSIONER VOWELS: They are going to sale
20 stock and this is going to be somehow in a trust
21 that will have non-gaming assets in it and then
22 some certificates issued from that. My question
23 would be, if somebody bought these certificates
24 from the trust and more than 5 percent ownership,
25 would we know that or investigate that person --

1 the license as a key person?

2 GENERAL COUNSEL SICUSO: My impression would be
3 that we apply the standard institutional investor
4 type of rules to this scenario where once an
5 institutional investor reaches over 5 percent, we
6 would have a right to investigate. Once it reaches
7 15 percent, we have to investigate -- a suitability
8 investigation. So would that be your perspective
9 on that?

10 MR. THAR: To a certain degree. A person will
11 actually be buying an interest in the mortgage, not
12 an interest in the company. So while they would be
13 institutional investors, they would come in and
14 they might buy 15 percent of the mortgage, they are
15 actually a lender to a certain extent as opposed to
16 an equity owner. The equity owners have already
17 been looked at, which are within the ownership
18 structure of the Colony Resorts picture.

19 For the record, my name is John Thar. I
20 represent Resorts. And with me is Mr. Nick Amato,
21 general counsel for Resorts.

22 So while they would buy in -- this Commission,
23 of course, at any time would be available to take a
24 look at the suitability of anybody who bought in to
25 that particular degree. I don't actually think

1 that they would be an equity investor.

2 GENERAL COUNSEL SICUSO: And they certainly
3 have no control over gaming --

4 MR. THAR: That's right.

5 COMMISSIONER MURPHY: Am I right in thinking
6 that this is a CMBS?

7 MR. THAR: Exactly.

8 COMMISSIONER VOWELS: Have we ever had this
9 kind of thing before?

10 GENERAL COUNSEL SICUSO: Absolutely not.

11 COMMISSIONER VOWELS: Has anything ever come
12 across like this?

13 MR. THAR: Same thing. I didn't have the brain
14 power to handle the Executive Director, they do.
15 It has been used by Colony in the past, as
16 Mr. Amato said, with regard to the purchase of the
17 Las Vegas Hilton. And now they have expanded it to
18 the acquisition of the four properties they bought
19 off of Harrah's and Caesars when Harrah's and
20 Caesars merged. JP Morgan is the bank.

21 COMMISSIONER VOWELS: Would there be any way if
22 someone essentially owned 5 percent or more, it's
23 all convoluted in regards to the \$60 million in
24 relation to the value of the casino and license.
25 If it came to that point, where a person purchased

1 so much of those certificates that they essentially
2 had what would equal 5 percent or more or ownership
3 in the licensee? Do you follow --

4 MR. THAR: Yes.

5 COMMISSIONER VOWELS: Is there some way to
6 follow the suitability in the case if it turns out
7 that --

8 MR. THAR: The Commission can always ask for
9 whom are the purchasers. Under the rules, the
10 company has an obligation to insure that the
11 lenders are people that the Commission would find
12 to be suitable. In this case, it's JP Morgan.
13 What JP Morgan is actually doing is spreading their
14 risk. They have lend \$960,000,000 and they are now
15 going to go out and resale interest in that debt,
16 not interest in the company.

17 COMMISSIONER WALSH: So this issue is just a
18 dead issue then, there is no equity issue at all?

19 MR. THAR: There is no equity issue at all.

20 COMMISSIONER WALSH: So the only interest to
21 this board that I can see would be what if it
22 defaults?

23 MR. THAR: That's correct.

24 COMMISSIONER WALSH: And then it would be the
25 equity owners?

1 MR. THAR: The bond owners would then step into
2 an ownership position, that's right; equity owners.
3 There are two outside --

4 COMMISSIONER WALSH: Worse case scenario?

5 MR. AMATO: We have two outside directors that
6 would have to vote before they went into
7 bankruptcy.

8 COMMISSIONER WALSH: There is no way that that
9 would be disclosed by JP Morgan?

10 MR. THAR: Which part?

11 COMMISSIONER WALSH: The bondholders. There is
12 no legal obligation to -- 90 percent of the bond --

13 MR. THAR: That's correct. Same syndicating --

14 CHAIRMAN BARRETT: So the worse case scenario,
15 if one default --

16 MR. THAR: Then they would have to come before
17 the Commission to get approval, yes.

18 COMMISSIONER WALSH: Is that the common
19 practice of the board, to approve the bond
20 refinancing?

21 GENERAL COUNSEL SICUSO: Yes, it is.

22 COMMISSIONER WALSH: Good.

23 COMMISSIONER VOWELS: No other questions.

24 CHAIRMAN BARRETT: Any further questions or
25 discussions? The chair will call for a motion on

1 order 2006-95.

2 COMMISSIONER MURPHY: Chairman, I move to
3 accept 2006-95.

4 COMMISSIONER SWIHART: Second.

5 CHAIRMAN BARRETT: Move is seconded. All in
6 favor? All opposed?

7 (COMMISSION MEMBERS VOTED AYE)

8 CHAIRMAN BARRETT: Motion carries.

9 Next is the disciplinary actions, Ms. Gray.

10 CHRISTINA GRAY: Good afternoon, Commissioners.
11 You have before you three settlement agreements
12 concerning disciplinary actions. The first
13 settlement is with Argosy Casino, order 2006-96
14 involving two counts.

15 In the first count, the EPROM chips which were
16 we no longer approved for use were found in 10
17 electronic gaming devices on the casino floor.

18 Both the EGD system and the master floor
19 inventory reflected that the replacement EPROMS had
20 been placed in the machines; however, the revoked
21 EPROMS had not actually been removed or replaced.

22 These EPROMS were revoked on January 20, 2006
23 and Argosy was notified at that time that the
24 EPROMS were no longer approved.

25 Argosy was also informed that they had 30 days

1 to replace the revoked EPROMS.

2 This violated the rule requiring EPROMS to be
3 approved for use in Indiana.

4 In the second count, the VEP participant
5 received direct mail in April of 2006. The VEP
6 participant had been added to the VEP list and
7 Argosy was notified in December of 2005. This
8 violated the rule wherein riverboat licensees
9 should make all reasonable attempts to insure that
10 voluntary excluded persons do not receive direct
11 mailing marketing.

12 Argosy agreed to pay a total fine of \$20,000
13 for disciplinary action.

14 The Commission staff recommends that you
15 approve the settlement agreement.

16 CHAIRMAN BARRETT: Thank you.

17 Any questions or discussions?

18 COMMISSIONER WALSH: Is that \$20,000 for both
19 violations?

20 CHRISTINA GRAY: Yes.

21 COMMISSIONER WALSH: Can you break it down? Is
22 it \$10,000 each?

23 CHRISTINA GRAY: Yes.

24 COMMISSIONER VOWELS: The VEP situation, has
25 there been something put into place to make sure

1 that does not happen again?

2 CHRISTINA GRAY: In this particular case, they
3 had failed to put the VEP participant in their
4 database system, so they have taken steps to insure
5 that it will not happen again.

6 COMMISSIONER VOWELS: Were there a group of VEP
7 participants or just this one?

8 CHRISTINA GRAY: No. This was one that fell
9 through the cracks.

10 CHAIRMAN BARRETT: Any further questions or
11 comments?

12 Call for a motion then to accept or reject the
13 settlement agreement in cause number 06-AG-94.

14 COMMISSIONER VOWELS: I will move to approve.

15 COMMISSIONER WALSH: Second.

16 CHAIRMAN BARRETT: All in favor? All opposed,
17 same sign?

18 (COMMISSION MEMBERS VOTED AYE)

19 CHAIRMAN BARRETT: Settlement agreement
20 approved, 2006-96 adopted.

21 As to Blue Chip now.

22 CHRISTINA GRAY: The second order is 2006-97.

23 It's a settlement agreement with Blue Chip also
24 involving two counts.

25 In the first count, the VEP patron received

1 direct mail. The second count involved an
2 underaged person being allowed to enter the casino.
3 Blue Chip has agreed to pay a total fine of \$8,000
4 in lieu of disciplinary action and the Commission
5 staff recommends approval of this settlement
6 agreement.

7 CHAIRMAN BARRETT: Do the commissioners have
8 any questions?

9 I have one. The last order with VEP direct
10 mail was \$10,000 and this one is five.

11 CHRISTINA GRAY: The reason why is in this case
12 Blue Chip had actually put the patron in their
13 database file. Unfortunately, in a direct mailing
14 they -- a lot of times they use an outside source.
15 This particular VEP participant had used a
16 different address so it was not flagged when they
17 went to purge the system. So in this case, the
18 casino did try to make an attempt but because of
19 the address change this occurred.

20 COMMISSIONER VOWELS: Does this come to your
21 attention through the VEP participant or
22 self-report?

23 CHRISTINA GRAY: It's a little bit of both.
24 The VEP participant usually notifies the casino.
25 In this case, they called the casino to ask if they

1 were invited back and the casino had to tell them
2 no. And then the casino turns around and informs
3 us that they have done this.

4 CHAIRMAN BARRETT: Then how is the 3,000 number
5 reached?

6 CHRISTINA GRAY: This was the second time that
7 they have had an underaged patron within the last
8 six months. We usually do \$1,500 the first time,
9 the second offense it's \$3,000 and the next time
10 it's \$4,500 and so on.

11 CHAIRMAN BARRETT: Okay. Any further questions
12 or discussions?

13 The chair will entertain a motion to accept or
14 reject the settlement in cause number 06-BC-03.

15 COMMISSIONER VOWELS: I will move to approve
16 the settlement agreement.

17 COMMISSIONER SWIHART: Second.

18 CHAIRMAN BARRETT: Moved is seconded.

19 All in favor, say aye? Those opposed?

20 (COMMISSION MEMBERS VOTED AYE)

21 CHAIRMAN BARRETT: Settlement is approved and
22 order 2006-97 be adopted as presented.

23 As to Caesar's, then.

24 CHRISTINA GRAY: Order 2006-98 is a settlement
25 agreement with Caesar's involving 28 revoked EPROM

1 chips, 14 which were replaced in March by the
2 casino, and 14 which were discovered during a
3 program audit. Also during an audit in March,
4 several electronic gaming devices were found
5 containing gaming boards with broken or no seals.
6 These violated the rules for requiring only
7 approved EPROMS be used and that EGDs must have
8 logic boards and computer chips which store memory
9 sealed with evidence tape.

10 Caesar's has agreed to a fine of \$25,000 in
11 lieu of disciplinary action. The Commission staff
12 recommends you approve the settlement agreement.

13 CHAIRMAN BARRETT: Any questions or
14 discussions? If not, the chair will entertain a
15 motion to accept or reject the settlement in cause
16 number 06-CS-03.

17 COMMISSIONER SWIHART: So move.

18 COMMISSIONER MURPHY: Seconded.

19 CHAIRMAN BARRETT: All in favor, say aye. All
20 opposed, same sign.

21 (COMMISSION MEMBERS VOTED AYE)

22 CHAIRMAN BARRETT: 06-CS-03 approved. And
23 2006-98 is adopted.

24 Now, we will have Executive Director Yelton in
25 the reinvestigation of Caesars.

1 EXECUTIVE DIRECTOR YELTON: Yes, Mr. Chair and
2 Members of the Commission. By law, the Commission
3 is required to conduct a reinvestigation of each
4 riverboats efforts in the first five years of
5 operation and three years thereafter.

6 As you are aware, we are having some
7 consolidation within the industry and, as a result,
8 Harrah's Entertainment is the owner of both
9 Horseshoe and Caesars. Caesars reinvestigation is
10 due now and Horseshoe will be due, I believe, in
11 June or thereabout of next year.

12 In order not to duplicate efforts, it is the
13 Commission's decision to do one investigation of
14 the parent company. In this particular case, it is
15 only six months apart, upon reporting. And today
16 we will proceed with the investigation as it
17 relates to Caesars only. And as we become ready
18 for Horseshoe in June next year, we will inquire as
19 to whether there should be a follow-up addendum to
20 the investigation that was conducted here recently
21 by our background and financial investigators.

22 With that in mind, we have invited
23 Anthony SanFilippo who is President of the Central
24 Division of Harrah's, to proceed off with a
25 presentation of the Caesars reinvestigation.

1 Anthony.

2 MR. SANFILIPPO: Thank you very much for having
3 us here. My name is Anthony Sanfilippo and I'm
4 with Harrah Entertainment based in Memphis,
5 Tennessee. And I'm here to represent our two
6 properties here in the State of Indiana.

7 And if I may just take a second to talk about
8 the Hammond before we go on to Caesars Indiana.

9 I couldn't be more proud that last month our
10 Hammond property was the number one riverboat not
11 only in Northern Indiana, but also in the greater
12 Chicago area. So we go neck in neck with a boat
13 that is over in Illinois and we came out on top.

14 And we are continuing to work on a major
15 project that is going to open up in the summer of
16 2008. We affectionately call it the MOAB, and that
17 means the Mother of All Boats is what the MOAB is.
18 And it's almost a half billion dollar project. And
19 it's a project that we have great confidence in
20 doing because of the State, because of you, and how
21 you regulate and also administer your policies
22 within this State, and I want to thank you for
23 that. We are well underway with that project and
24 it's going to add about 150 more jobs for the
25 Hammond property and I think you will see it's

1 going to bring in a significant revenue for the
2 State, also.

3 In Southern Indiana -- in Elizabeth, Indiana we
4 have our Caesars Indiana property. We purchased
5 the Caesars Entertainment Corporation in the summer
6 of 2005, so we are a little bit more than a year
7 along with integrating our properties across the
8 United States and outside of the United States in
9 Harrah's Entertainment. It's been a very good
10 story in Southern Indiana. It's been a property
11 that has continued to grow. Ed Gorruto, who is our
12 Senior Vice President and General Manager, is going
13 to tell you more of what we are doing there, but we
14 also have plans, some are already approved and in
15 the works, and others that we are getting ready to
16 be proposed to continue to improve our property in
17 Southern Indiana.

18 On behalf of Harrah's I would like to again
19 thank you for how well we are treated here.
20 Executive Director Yelton and his staff couldn't be
21 just more helpful when we come to them and ask them
22 questions about the operations here or questions
23 that we may have about rules and regulations and
24 couldn't be more reasonable when dealing with
25 situations that come up at our property from time

1 to time. So it gives our company great confidence
2 to continue to invest in Indiana.

3 It is with great pleasure that I introduce
4 Ed Gorruto. He's been at the property since the
5 property opened. He has been head of finance for
6 many years and about two years ago took over as the
7 Senior Vice President and General Manager of
8 Caesars Indiana.

9 Ed.

10 MR. ED GORRUTO: Thank you, Anthony. Good
11 afternoon Commissioners and staff.

12 Anthony has given you my background, and it is
13 my privilege to represent our 2,100 team members at
14 this license renewal hearing.

15 We have a little PowerPoint presentation and
16 we're passing out copies right now. This is an
17 aerial view of our property located in scenic
18 Harrison County. You can see our two parking
19 garages, our pavilion, that is our gaming vessel in
20 the foreground which is 90,000 square feet. It's
21 the world's largest cruising casino riverboat and
22 in the back there is our 503-room hotel.

23 We also have our own sewage plant and water
24 plant. So we are running our own little city down
25 there.

1 Just some quick stats on our property. We do
2 have 86,500 square feet of gaming, over 2,000
3 slots, 82 table games, and we have the World Series
4 of Poker poker room with 33 tables. Really, the
5 best poker experience in the Midwest.

6 The hotel has 500 rooms, we have 55,000 parking
7 spaces. We have an equestrian-themed 18-hole
8 championship golf course called Chariot Run, 7,200
9 yards from the tips, it's the third highest ranked
10 course in the area.

11 We have exciting dining options, including our
12 fine dining steakhouse Portico; Legends, which is a
13 sports bar, appetizers, sandwiches, steaks,
14 seafood. Our Villa buffet that does,
15 approximately, 2,000 covers a day or 60,000 covers
16 a month. Then we have Cleo's Cafe, which is a deli
17 fast-food type of venue.

18 We also have a 26,000-square foot conference
19 center and that really helps us drive our midweek
20 occupancy in the hotel. We do have a 550-seat
21 ballroom.

22 Initial investment in the property was
23 \$450,000,000, which was well beyond the promise of
24 \$228,000,000. Since then, we spent about 67 and a
25 half million in maintenance capitol, new slots, new

1 systems, refurbishments. We just put new beds in
2 the hotel. We are redoing right now the entrance
3 to the casino. And I mentioned a poker room, which
4 was about a three quarter of a million dollar
5 investment.

6 Part of our marketing approach is to have
7 entertainment in our coliseum, and these are a
8 couple of the acts we have had recently --
9 Sarah Evans, Lee Ann Womack, Clint Black, and
10 Gretchen Wilson. And Gretchen Wilson was quite a
11 hit, I might add.

12 Annual visitors. We are at the point where in
13 2005 we had 3.4 million annual visitors. We are
14 pacing at a similar level this year. We are the
15 most visited attraction in Southern Indiana, and
16 actually in the Louisville metro area which we are
17 part of.

18 You see some of the taxes that we've paid over
19 the years. It can almost be staggering, but
20 gross revenue tax, 519 million dollars; that's half
21 a billion dollars. Admissions tax about 98 million
22 dollars. And we've also shared revenue with our
23 two county foundations to the tune of 92 million
24 dollars. So that's about 710 million dollars still
25 owing.

1 At the same time, our team members paid wage
2 taxes that have totaled about 39.4 million dollars,
3 sales tax 13 million dollars, ongoing property tax
4 12.5 million dollars and hotel occupancy ads
5 another 1.4 million dollars. So that's another
6 66 million dollars. So I guess you can say we're
7 solid supporters of our government.

8 I will talk a little bit about our work force,
9 something else we are very proud of. We currently
10 have just under, 2,100 team members. At this
11 point, we have -- 15 percent of those are minority.
12 And 51 percent are women. We are also happy to
13 report that 70 percent of our work force lives in
14 Indiana. So our jobs are good jobs and the average
15 salary is almost \$32,000. And when you couple that
16 up with benefits -- life and health insurance, paid
17 time off, employee meals, 401(k) match, a couple of
18 other benefits, cost per team member about \$16,000.
19 So our 2,100 team members in a total package are
20 averaging about \$48,000. So we are proud to say
21 our jobs are good jobs and they pay well.

22 Let's talk about something that's new to the
23 property. It's something that Harrah's
24 Entertainment brought to us, and that's Customer
25 Satisfaction Assurance. We have had extensive

1 service training. We are a service business.
2 So service produced -- good service produces better
3 operating results. We do weekly surveys; and based
4 on the improvement in those surveys, our team
5 members are eligible for a bonus. And since we
6 started this program on January 1st, our team
7 members have earned a bonus every quarter to the
8 point that in the third quarter, they earned a \$200
9 bonus; and we expect in the fourth quarter, based
10 on our scores to date, they will earn a similar
11 type of bonus. So that's been another -- for the
12 year, another million dollars in earnings for our
13 team members. It's kind of a win win. So when the
14 team members ask us "What's in it for me, it's good
15 for the company and it's good for your wallet."
16 It's been a terrific thing.

17 We also are committed to education for our team
18 members. All of our team members receive
19 responsible gaming training upon coming on board
20 with us. They get focused service training. We
21 have a program going now where -- it's always a
22 difficult transition for a line type of staff team
23 member to move up to supervision. We have an
24 Excellence in Supervision Program that prepares
25 them for those responsibilities. And of course,

1 everyone gets the Controlling Alcohol Risks
2 Effectively and Care Program.

3 Indiana University Southeast actually offers a
4 class on our property. We have about 24 students
5 in that right now. And our tuition reimbursement
6 program has reimbursed team members for over half a
7 million dollars since the start. So we are proud
8 of our commitment to developing our team members.

9 We will talk a little bit about that revenue
10 sharing I mentioned. We do have two foundations,
11 the Harrison County Community Foundation, which is
12 celebrating its 10-year anniversary next week. And
13 Anthony SanFillippo will be our keynote speaker at
14 that celebration.

15 And then there is also the Caesars Foundation
16 for Floyd County. Both of these foundations have
17 been instrumental in constructing YMCAs in the
18 counties. As a matter of fact, we just had ground
19 breaking this week for the Scribner Place YMCA in
20 New Albany which we hope will be a catalyst for
21 further development, as well as a good thing for
22 the well-being for the citizens of Floyd County.
23 The Floyd County Foundation also made a half
24 million dollar grant to the IUS Library. That's
25 another resource that benefits the entire

1 community.

2 Just jumping back to Harrison County, I want to
3 point out that there is a new hospital being built
4 in Harrison County, and the Harrison County
5 Foundation has had a big hand in that.

6 Of course, our team members help out as well.
7 We are the number one donor in Harrison County to
8 the United Way. We recently had a very successful
9 heart walk, where we were not only the first in
10 Harrison County with \$20,000,000 raised, but we
11 were seventh in the entire metro area. So it was
12 quite a great accomplishment.

13 And in 2005, we received the NAACP Corporate
14 Award. And I have a list up here of some of the
15 boards and committees that our executives and staff
16 team members are involved in. And certainly
17 community involvement is a core value for our
18 property and we are living that.

19 Anthony mentioned that Harrah's took over in
20 June of '05, and actually that's been even more
21 good being done in the community, because the
22 Harrah's Foundation just this past summer donated a
23 delivery truck, I think \$40,000, to Meals On Wheels
24 in Indianapolis. That's a group of us on the
25 right. The Harrah's Foundation is going to sponsor

1 the National Senior Olympics, which is going to be
2 held in Louisville in 2007. And we have made a
3 three-year commitment to sponsor the Indianapolis
4 Circle City Classic. So Harrah's has even taken
5 our community involvement a step further.

6 Commitment to diversity is something that we
7 hold very near and dear. We do have a full-time
8 diversity coordinator on staff, and her purpose is
9 to reach out to MBE/WBE businesses, even to the
10 point if we can assist somehow in developing a
11 business, we will help. This past quarter, we did
12 16.7 percent of our purchases with minority-owned
13 businesses and about 8 percent with woman owned
14 businesses. So that's something else that we are
15 quite proud of.

16 We are also committed to responsible gaming
17 and, in addition to the State program, we have a
18 nice internal program. But we have responsible
19 gaming and training, as I mentioned, and we now
20 have 28 ambassadors on the property. So if a team
21 member becomes aware of somebody who, for some
22 reason or another, has changed their gaming habits
23 or appears in trouble, they can page one of these
24 ambassadors. They are scheduled so that they are
25 on the property at all times and then the

1 ambassador will intervene with that person and let
2 them know what services may be available, including
3 an exclusion if the person's gaming may be getting
4 away from them. We know that there is a small
5 percentage, but nonetheless, some persons can get
6 carried away with their gaming. So it's a program
7 we are quite pleased with.

8 So we have exciting things to really talk about
9 and in the next 30 days, we are going to start
10 renovating our casino. We have 48 million dollars
11 approved to construct our fourth deck, a 160-seat
12 Diamond Lounge. We currently have a little
13 inadequate 22-seat lounge, so it's going to be a
14 big plus for us.

15 We have new high-limit gaming coming on. We
16 have a terrific entertainment bar going on deck
17 two, which is going to have a stage for live
18 entertainment and a video wall; when there is not
19 live entertainment, we will have this video wall
20 going. So it's going to be very impressive. There
21 is some renderings there.

22 We are going to have a new deli on deck two
23 that's going to do pizza, sandwiches, actual cooked
24 food. It's going to have a grill. And we are also
25 renovating our Total Reward Center. So it's quite

1 an expansive renovation that we will be starting in
2 about the next 30 days.

3 And again, these are renderings of the Diamond
4 Lounge on the fourth deck in the high-limit gaming
5 area that I mentioned. I mentioned the Features
6 Bar and Total Awards, also; so I got a little bit
7 ahead of myself. But anyway, just to give you an
8 idea of what we're looking at for the property.

9 Phase II. We are currently planning Phase II
10 and we plan to do a new restaurant concept
11 throughout or pavilion, including an upgraded
12 steak house, a new buffet, new deli, a Starbucks
13 type of outlet, and a new restaurant and nightclub.
14 So we are very much looking forward to that. We
15 are excited about the future at Caesars Indiana.

16 In closing, I would like to thank the Indiana
17 Gaming Commission and staff for their diligent
18 oversight of our business that insures our
19 credibility with the gaming public. I'm pleased at
20 how well we have been accepted by the citizens of
21 Harrison County and the Southern Indiana Greater
22 Louisville region. As I mentioned in the
23 presentation, we take our corporate citizenship
24 very seriously in all of these communities.

25 I reaffirm our strong commitment to compliance

1 and integrity in every aspect of our business.
2 Most importantly I'm proud of our Caesars Indiana
3 team and I have some of the team members here.
4 Scott Estes is our Compliance Manager.
5 Neil Wolhoff is with me today, he is our Assistant
6 General Manager. Ryan Hammer is our Director of
7 Finance. I've got some of our corporate folks
8 here: Tim Lambert; Tim Comptom, Corporate Counsel
9 and Vice President of Compliance. I even have some
10 Horseshoe folks backing me up here. Rick Mazer,
11 General Manager at Horseshoe Hammond and Kevin
12 Kline, his Assistant General Manager. So anyway,
13 proud of this team. It's a dedicated, motivated,
14 experienced group. We conduct our business in a
15 pleasant and professional manner. Our goal is to
16 deliver the best experience for our each of our
17 guests all the time. And you can only accomplish
18 that with a top-notch team.

19 So thank you for giving me this opportunity to
20 present and I respectfully request that you renew
21 the Caesars Indiana operating license. Thank you.

22 CHAIRMAN BARRETT: Thank you.

23 Are there any questions on the reinvestigation?

24 COMMISSIONER VOWELS: I have a few things I
25 would like to address.

1 The employee base, from the records you have
2 here, it reflects that as of October of 2006,
3 Caesars Indiana employed 2,059 employees. Is that
4 just the Harrison County?

5 MR. GORRUTO: That is our total work force,
6 yes. Just Harrison County, yes, sir.

7 COMMISSIONER VOWELS: And that the average
8 salary -- it shows \$31,893 before the hidden
9 paycheck that you have here?

10 MR. GORRUTO: Yes.

11 COMMISSIONER VOWELS: And that is for Harrison
12 County employees?

13 MR. GORRUTO: That's for our employees at
14 Caesars Indiana, yes, in Harrison County.

15 COMMISSIONER VOWELS: It does not include any
16 others, just that?

17 MR. GORRUTO: We are only talking about the
18 Harrison County property today.

19 COMMISSIONER VOWELS: So the average salary
20 there of these 2,059 people is almost \$32,000?

21 MR. GORRUTO: That's correct. And that is
22 included -- in some cases, dealers tips are
23 included in there, which is part of the earnings
24 that runs through our payroll system.

25 COMMISSIONER VOWELS: And then benefits per --

1 team members have an additional \$16,000 and that
2 includes 401(k) and disability pay and life and
3 health insurance, employee meals, et cetera?

4 MR. GORRUTO: Correct.

5 COMMISSIONER VOWELS: So the total average
6 compensation of these 2,059 employees of Harrison
7 County Caesar's boat is over \$48,000?

8 MR. GORRUTO: Right. And I don't know if I
9 mentioned, but we still have over 500 day one team
10 members on our property, so we are proud of that as
11 well.

12 COMMISSIONER VOWELS: Now the revenue sharing
13 that you mentioned. So Caesar's contribution
14 through October of 2006 is 69.2 million dollars.
15 Is that just for year to date 2006?

16 MR. GORRUTO: No, that's since inception. This
17 year for the two foundations we will do about
18 19 million dollars.

19 COMMISSIONER VOWELS: All right. So I see the
20 Harrison County Community Foundation for year to
21 date 2006 is 16.7 million dollars.

22 MR. GORRUTO: The money that goes into the
23 foundation. The foundation is independent of us.
24 That is the amount that they have granted out to
25 the community. Yes, \$16.7 million.

1 COMMISSIONER VOWELS: Year to date, 2006?

2 MR. GORRUTO: No, I believe that's since
3 inception as well. So they've got quite an
4 endowment built up there in Harrison County.

5 COMMISSIONER VOWELS: When you say "inception,"
6 are you talking about when Caesars first got their
7 license?

8 MR. GORRUTO: Yes, since 1998 when Caesars
9 opened up in November; yes.

10 COMMISSIONER VOWELS: And you mentioned the
11 Caesars Foundation of Floyd County and these total
12 grants, 9.1 million dollars, are since inception,
13 also?

14 MR. GORRUTO: Correct.

15 COMMISSIONER VOWELS: It says total grants, but
16 Caesar's contribution, 9.1 million dollars since
17 inception?

18 MR. GORRUTO: Right. In other words, of the
19 23 million dollars -- what happens is that I
20 mentioned 19 million dollars and 75 percent goes to
21 the Harrison County Foundation and 25 percent goes
22 to the Floyd County Foundation. So in Floyd County
23 they granted 9 million dollars of the twenty-three
24 that has been paid in since inception. And the
25 Scribner Place commitment, the 20 million dollars

1 is a million dollars a year for 20 years. But that
2 enables them to finance the construction of the
3 YMCA that the ground was broken on this week. That
4 is a terrific thing.

5 COMMISSIONER VOWELS: And that's contributions
6 from your casino?

7 MR. GORRUTO: Correct, yes.

8 COMMISSIONER VOWELS: So let me run through
9 this again. The Caesar's' contribution through
10 October 6, 2006 to Harrison County Community
11 Foundation since 1998 is 69.2 million dollars.

12 MR. GORRUTO: That is correct.

13 COMMISSIONER VOWELS: And then Caesar's
14 contributions to Caesar's Foundation of Floyd
15 County since inception in 1998 through October of
16 2006, is 23.1 million dollars; is that correct?

17 MR. GORRUTO: Yes.

18 COMMISSIONER VOWELS: These were agreements
19 that were developed at the time the license was
20 granted; is that correct?

21 MR. GORRUTO: The contributions to these two
22 foundations are part of our development agreement
23 with Harrison County, yes.

24 COMMISSIONER VOWELS: And that particular part
25 of the development agreement was not anything

1 required through the Indiana statutes?

2 MR. GORRUTO: No, I don't believe so. I think
3 each of the bidders at that time probably proposed
4 some type of revenue sharing. And I think it's
5 common that most of the Indiana properties that
6 there is some type of local revenue sharing, in
7 addition to the gaming taxes paid to the State.

8 COMMISSIONER VOWELS: Because there was
9 competition at the time?

10 MR. GORRUTO: There was some competition. It
11 might have been part of it, yes.

12 COMMISSIONER VOWELS: And as far as Caesars in
13 the community -- I'm looking at your next page of
14 the PowerPoint in your presentation.

15 For instance, at the beginning the Harrison
16 County United Way #1 donor award, I assume, where
17 they have been given \$100,000 -- what period of
18 time was that, was that one year?

19 MR. GORRUTO: That is one year.

20 By the way, that is the team member donations,
21 not the Caesars donations. We do a United Way
22 drive just like many other companies do, but we
23 happen to be the number one result in Harrison
24 County.

25 COMMISSIONER VOWELS: Then the American Heart

1 Association Heart Walk, your employees raised
2 \$20,000?

3 MR. GORRUTO: Yes. And that was a little bit
4 different. Of course, they solicited contributions
5 maybe from their friends and family and maybe on a
6 per mile on their walk; they collected those
7 contributions. But nonetheless, it was a very good
8 result for the community.

9 COMMISSIONER VOWELS: And then I see NAACP
10 2005 Corporate Award. And then I see active
11 involvement in metro boards and committees. And
12 that involved Harrison and Floyd County
13 Foundations, Kentucky Derby Festival, Habitat for
14 Humanity, Indiana University, Chamber of Commerce,
15 and on and on and on.

16 MR. GORRUTO: Right.

17 COMMISSIONER VOWELS: All of these are beyond
18 what the Indiana Code requires you by statute to
19 participate in; is that fair to say?

20 MR. GORRUTO: I don't believe that our
21 management staff is required by statute to
22 participate in anything. It's just part of our
23 commitment for being involved in the community.

24 COMMISSIONER VOWELS: And then I noticed on the
25 next page that Indianapolis Meals On Wheels donated

1 a delivery truck, as you stated, worth \$40,000.
2 There was nothing legally or statutorily requiring
3 you to make that donation; right?

4 MR. GORRUTO: Not at all. That is a program
5 that Harrah's Entertainment is supporting
6 nationwide.

7 COMMISSIONER VOWELS: And then the Indianapolis
8 Circle City Classics, along with National Senior
9 Olympics 2007, that's above and beyond any
10 statutory obligation?

11 MR. GORRUTO: That is correct.

12 CHAIRMAN BARRETT: The salary summary, does
13 that include all employees?

14 MR. GORRUTO: All employees.

15 CHAIRMAN BARRETT: So your salary is included
16 in that?

17 MR. GORRUTO: Mine is probably in there, yes.
18 I'm a little bit above the average.

19 CHAIRMAN BARRETT: Does anyone else have any
20 questions?

21 COMMISSIONER VOWELS: Back in -- whatever year
22 it was, there are six commissioners at the time,
23 there was a four to two vote to grant the license.
24 I was one of the two who didn't vote for it. At
25 the time I thought the boat was too big. And I

1 just want to point out, because it's so rare, I was
2 wrong. And my humility insists I bring it to
3 everyone's attention.

4 CHAIRMAN BARRETT: In such a humble way.

5 COMMISSIONER VOWELS: So if there is nothing
6 further, I would move to renew this license and
7 maybe that will redeem me.

8 CHAIRMAN BARRETT: We will let Mr. Klinger ask
9 us to do that and we will entertain that motion.

10 ANDREW KLINGER: Yes, that is the next item up
11 on the agenda, which is Order 2006-101. And
12 Caesars has requested renewal of their license and
13 paid the \$5,000 renewal fee. We have found that
14 they are substantially in compliance with the
15 Riverboat Gambling Act and with Title 68 of the
16 Administrative Code and would recommend that the
17 Commission renew their license and approve this
18 order.

19 COMMISSIONER VOWELS: I move to approve.

20 COMMISSIONER WALSH: I have one question.
21 Would the Harrah's group do a Hammond presentation
22 similar to that, I assume?

23 GENERAL COUNSEL SICUSO: Second quarter when
24 the license is renewed.

25 CHAIRMAN BARRETT: There has been a motion and

1 I don't know if it was seconded before the
2 question.

3 COMMISSIONER SWIHART: Move to second.

4 CHAIRMAN BARRETT: It's been moved and seconded
5 to renew the license of Caesars Riverboat Casino,
6 LLC. All in favor? All opposed, same sign?

7 (COMMISSION MEMBERS VOTED AYE)

8 CHAIRMAN BARRETT: 2006-101 approved.

9 As to Argosy.

10 ANDREW KLINGER: I will handle the next two
11 orders together, the next two riverboat casinos up
12 for annual renewal. Argosy is the first with the
13 corresponding order 2006-99 and Aztar is the other.
14 The order in that case is 2006-100.

15 Both casinos have requested that their license
16 be renewed, and they have submitted their \$5,000
17 annual renewal fee. We have found that both of
18 these riverboats are in substantial compliance
19 with the Riverboat Gambling Act, Title 68 of the
20 Indiana Administrative Code.

21 I will note that in the case of Aztar, the very
22 next item on the agenda will be the Wimar Tahoe
23 proposed acquisition of Aztar. And that will be
24 handled as a separate matter. My understanding
25 from that deal is that Aztar Indiana will survive

1 the deal if approved and, therefore, the license
2 would be renewed in the name of Aztar Indiana. So
3 again, Commission staff would recommend that this
4 Commission approve both of those and approve the
5 license renewals for those two companies.

6 CHAIRMAN BARRETT: Mr. Klinger, so the public
7 understands the procedure, the reason we had a full
8 report on Caesars was because they were due for
9 reinvestigation, and the other ones are merely due
10 for their annual renewal; correct?

11 ANDREW KLINGER: Correct.

12 CHAIRMAN BARRETT: Does anyone have any
13 questions or discussions? If not, chair will
14 entertain a motion to accept or reject the order
15 2006-99 and 2006-100.

16 COMMISSIONER VOWELS: I will move to approve.

17 COMMISSIONER MURPHY: Second.

18 CHAIRMAN BARRETT: All in favor? All opposed?

19 (COMMISSION MEMBERS VOTED AYE)

20 CHAIRMAN BARRETT: Motion carries. Thank you.

21 All right. The next issue Mr. Klinger alluded
22 to is the request of the proposed transfer to Wimar
23 Tahoe. Executive Director Yelton.

24 EXECUTIVE DIRECTOR YELTON: Yes, Mr. Chairman
25 and the Commission. We will now present to you for

1 your consideration the application for transfer of
2 license from Aztar to Wimar Tahoe. We are allowing
3 public testimony. I will ask Ms. Timberman if she
4 will take the sign up sheets to the table against
5 the wall. And if you wish to address the
6 Commission, please fill it out. Mr. Yung,
7 Mr. Brown, Mr. Fitzpatrick, Ms. More and
8 Mayor Weinzapfel, you do not need to fill those
9 out. If anyone else wishes to testify, please
10 fill those out immediately so we have those
11 present. They are already there. Thank you, Tami.

12 So with that in mind, it is my understanding
13 Mr. Yung is going to open; is that correct?

14 MR. PYLITT: Yes. Mr. Yelton, if I may, and
15 Members of the Commission, my name is Barnard
16 Pylitt with the law firm of Katz & Korin. We have
17 been involved in trying to process the application.

18 We do have some handouts. We can ask you,
19 actually, to please pass those down. We do have a
20 brief presentation for you, actually, today. I
21 wanted to thank the staff, Executive Director
22 Yelton, and counsel, and Mr. Sicuso for their
23 kindness, cooperation and patience more
24 importantly, including Dr. Sullivan.

25 You will be hearing today from

1 Mr. William Yung, who is seated to my far left
2 and your right. He is the President and CEO of
3 Wimar Tahoe and he will explain to you a little
4 more about the company and talk about the
5 commitment to the City of Evansville. To my
6 immediate left is Jim Brown, whom you are all
7 familiar with, who is the current general manager
8 at Aztar. And we are pleased to announce that he
9 will be staying on in that capacity. To my right,
10 your left, is Rich Fitzpatrick, the chief financial
11 officer for the company, who will answer any
12 questions you may have about the nuts and bolts of
13 the financing. And to his right, your far left, is
14 Donna More, who recently became general counsel for
15 Wimar Tahoe Columbia Entertainment on October 5th
16 of this year. Ms. More brings a lot to the team.
17 She was former chief legal counsel to the Illinois
18 Gaming Board and a member of that board, former
19 Assistant United States Attorney and a former
20 State's attorney.

21 So with that said, I would like to have you
22 listen to Mr. Yung.

23 MR. YUNG: Good afternoon. On May 19th,
24 Columbia Entertainment announced the acquisition of
25 Aztar for 2.8 billion dollars. Columbia

1 Entertainment is the gaming arm of Columbia Sussex.
2 We are one of the largest practically known
3 companies.

4 Columbia Entertainment and its affiliates will
5 contribute seven casinos in five gaming markets to
6 the purchase, along with 393 million dollars cash.
7 The Aztar property, as you probably well know, are
8 the Tropicana in Atlanta City, Tropicana in Las
9 Vegas, Cruthersville, Laughlin. Also on April
10 20th, we have announced that the acquisition of the
11 casino Queen in St. Louis. The combined company
12 will be one of the largest gaming operators.
13 Twelve gaming in the markets.

14 We started in the gaming business in 1990 when
15 we acquired the Horizon in Lake Tahoe. Since that
16 time we kept acquiring assets up to when we
17 presently announced the acquisition of Aztar. On
18 page 6, you can see where the locations are on the
19 Columbia Entertainment. Page 7 gives statistics on
20 the various properties. The merger rationale for
21 acquiring Aztar was that it creates a very diverse
22 property portfolio, which gives us immediate access
23 to the Las Vegas strip in Atlantic City. And it
24 expands our geographical reach to establishing
25 growing global markets.

1 There are also significant synergy potentials,
2 being able to leverage Columbia Associates
3 infrastructure and a significant reduction of
4 corporate overhead, which is disclosure of the
5 Aztar corporate office. Significant revenue
6 enhancements being able to market the full customer
7 base to our 84 hotel properties, and we have plans
8 to do approximately three land base casinos with
9 boats.

10 Page 9, you can see where our hotel properties
11 are located. The following page are photographs of
12 various projects. Baton Rouge, River Palms in
13 Laughlin, Lake Tahoe Horizon, and Lake Tahoe
14 Casino, which is Lake Tahoe. Lighthouse Point
15 Casino in Greenville, Mississippi and Horizon
16 Casino and, of course, Tropicana Casino in Atlantic
17 City and the Casino St. Louis.

18 A little background about the Tropicana of Las
19 Vegas, we continue to keep the property open during
20 the reconstruction. It will be an approximately
21 two-billion-dollar project in Las Vegas. Upon
22 completion, there will be approximately 7,000
23 Tropicana branded hotel rooms, 3,100 National
24 branded hotel rooms, additional condominium tower
25 and hotel tower, approximate 600,000 square feet of

1 meeting space and 300,000 square feet of retail and
2 restaurants, and approximately 100,000-square-foot
3 casino. Redevelopment should be completed in about
4 2009.

5 Page 20 is a preliminary rendering of the
6 development. With that, I'm going to hand it over
7 to Jim Brown.

8 MR. BROWN: Good afternoon, Commissioners, and
9 Indiana Gaming Commission and Executive Director
10 Yelton, and staff, and folks I've had the pleasure
11 of working with over the years. My first comments
12 are on behalf of Aztar, on behalf of our company,
13 on behalf of our board of directors, and on behalf
14 of our CEO, Bob Haddock, (phonetic) and my
15 co-workers. We would like to thank the Indiana
16 Gaming Commission and staff, would like to thank
17 the State of Indiana and City of Evansville and
18 Vanderburgh County. It has been an honor and a
19 privilege and a pleasure, as a matter of fact, to
20 operate Casino Aztar Evansville since December of
21 1995 as Indiana's first riverboat gaming facility.

22 Casino Aztar Evansville has been a story of
23 promises made and promises kept. We have been
24 operating a successful business while building
25 enduring and lasting and beneficial relationship

1 and partnership with our host, the community, our
2 city government, Mayor Weinzapfel, Vanderburgh
3 County and the State of Indiana. We are confident
4 that Columbia Entertainment will maintain the
5 strong relationship with the City of Evansville and
6 the State of Indiana. On behalf of all of us at
7 Aztar, we thank you and thank you for allowing us
8 to operate over the past almost 11 years.

9 Approximately a month ago, I made a decision in
10 my career that I would like to continue my career
11 with the company that we are merging with. And I
12 have announced it internally. I have not really
13 announced it publically in any way. But I'm
14 pleased to announce that pending the successful
15 completion of the merger, I will remain with our
16 new company and serve as the president and general
17 manager of Casino Aztar Evansville. I will also
18 take on an expanded role with our parent company,
19 Columbia Entertainment, as their newly appointed
20 corporate vice president of community relations.
21 And I will be involved in assisting in the
22 development and implementation of community
23 relations programs, initiatives and developments
24 throughout our gaming properties.

25 On behalf of Aztar, I was also a development

1 team member in our attempt to acquire a category
2 two gaming license in the State of Indiana, and I
3 will continue in that role, pending the completion
4 of the merger, on behalf of Columbia Entertainment.

5 Our facility in Evansville is one that began
6 with a 120 million dollar investment. And I
7 believe the original pledge was 100 million
8 dollars. And investments mean that products for
9 our customers, greater revenues, and greater tax
10 revenues to the city, county, and state government
11 and direct and indirect benefits to entities within
12 the State.

13 Over the past several years as we did mention
14 we are Indiana's first riverboat casino. Our
15 property began to age and we began a renovation
16 project consisting of the rejuvenation and
17 upgrading at all casino levels -- we have three.
18 All of our restaurants, all of our public areas,
19 our complete hotel tower, and we are putting some
20 of the final finishes on the remainder of our
21 public areas that have not been renovated and
22 upgraded. During that time we have made additional
23 investments in the completion of an executive
24 conference center. Small to midsize meetings and
25 conferences.

1 We've also expanded capital resources to move a
2 flood wall that shot through approximately 10 acres
3 of downtown Evansville and moved it to the
4 riverfront. We did a state of the art flood wall
5 that now is stored as tinker toys in a building
6 that is to be brought out every 100 years, 100-year
7 floodplain. And for the entirety of the other time
8 you have a direct view of the river. And that has
9 been an enhancement to the downtown and has allowed
10 us the ability to further grow our facility.

11 We are in the final stages of an approximate 40
12 million dollars expansion. It is called The
13 District Casino Aztar and as many mid- and big-size
14 cities have difficulty keeping their younger
15 adults, this project is specifically geared toward
16 mid-20s to late 30s, to allow people like me to
17 still have some fun and still going to some of the
18 attractions that we have created there. It's in an
19 urban setting with a park in the center and it's
20 surrounded by different entertainment and nongaming
21 facilities. We have an Irish Pub, which actually
22 the interior is an Irish Pub. It's been shipped to
23 the United States and rebuilt in Evansville.

24 Jillian's Billiards Club is known as a Chuck E
25 Cheese for adults -- and have you a Jillian's in

1 Indianapolis and a lot of fun and things to do.

2 We are also in the final stages of finalizing
3 our 100-room hotel which is going to be a very
4 spectacular facility. And an ultra lounge, an
5 equally spectacular facility. And it will be open
6 to the public on, approximately, December 22nd.

7 The investment has continued over the years.
8 We are currently counting all capitol expenditures,
9 a little over 200 million dollars on an original
10 100 million dollars planned investment. And we, as
11 Columbia Entertainment, are planning to continue
12 that. We still have some open land in the
13 district, Argosy, New Aztar, and we are planning an
14 additional signature entertainment restaurant venue
15 for that open area to finish off the project. And
16 we are currently contemplating and beginning
17 preliminary investigation on a single level boat
18 and moat concept, with possibly a showroom on the
19 second level. This is a very important project for
20 us to explore as we are a first generation
21 riverboat built by a large company, the one and
22 only riverboat. It does not have the amenities
23 that even the second generation of riverboats have;
24 the high ceilings, escalators, and those sorts of
25 things.

1 And this will allow us to better compete with
2 our competitors, such as Caesars Indiana that you
3 have just heard about, an expansion project and
4 renovation project and newly opened facility in
5 French Lick. And we are beginning that process.
6 We will look seriously at the completion of the
7 merger and move it forward and continue with
8 capitol investment and everything else as Casino
9 Aztar in Evansville has done over the past 11
10 years.

11 And with that, I would like to turn over the
12 microphone to Rich Fitzpatrick.

13 MR. FITZPATRICK: Thank you, Commissioners and
14 Commission staff. Obviously, Bill talked about the
15 acquisition of Aztar and I want to take a few
16 minutes to talk about how we are going to
17 accomplish that from a financial viewpoint.

18 We are contributing nearly 400 million dollars
19 in cash equity into the transaction, along with
20 about a billion one of assets that we are
21 contributing into this financing structure. We are
22 also taking on about 2.8 billion dollars of
23 indebtedness in order to complete that and having
24 availability of a 180 million dollars revolving
25 credit facility.

1 The credit facilities comprised, really, of
2 three parts. One is a term loan debt of up to
3 1.735 billion dollars which includes a 180 million
4 dollars revolving term loan that will not be drawn
5 at the date of closing, but will be available, to
6 the extent that it is needed, to deal with timing
7 differences or a -- growth opportunities as
8 presented to us.

9 It also includes a term debt that right now is
10 contemplated to be a 1.4 billion dollars of term
11 debt. That number could grow depending on our
12 final audit results for the third quarter. It's a
13 function of the multiple done once the final
14 numbers and that number could be adjusted up or
15 down and, consequently, the cash that would have to
16 be contributed would have to grow or decrease
17 accordingly. It's a five-year term loan, interest
18 is live work plus two and a quarter to 275
19 depending on where the final credit ratings end up,
20 and we should expect to hear what the rating is by
21 next week.

22 The second piece of the debt is 975 million
23 dollars in senior support and notes. These are
24 going to be effectuated in a 144 A private
25 placement of these notes at closing. We will

1 probably at the end of the first quarter or early
2 part of the second quarter next year file with the
3 FCC for registration rights for those notes and
4 those notes will be exchanged for publically
5 tradable bonds, typically referred to as an AB
6 exchange. At that point, we will be required to
7 file all documents with the FCC as a public company
8 would, and we will be subject to the rules and
9 regulations. Those notes will have an eight-year
10 term and will be priced at the time the debt is
11 placed with the private placement when we find out
12 what the interest level is and what the market will
13 bear. We are hoping those will be in the low nine
14 percent range based on our current advice being
15 given to us by our lenders.

16 The third piece of the debt is a 440 million
17 dollar secured loan. It's a term loan with an
18 18-month term on it, with two six-month extensions
19 secured by the Las Vegas property. The intention
20 is to have a short-term facility that once we are
21 able to develop our permanent plans and put
22 together the actual dollars of what that investment
23 is going to take to complete the redevelopment of
24 the Las Vegas property, this loan will be taken out
25 and replaced with the project financing for the

1 overall developing of that project.

2 I just wanted to talk about capitol
3 expenditures because as part of financing and part
4 of our capitol commitment where there is plenty of
5 capital and cash flow to support the indebtedness
6 we talked about, we will have just about a 1.9
7 going in times ratio of earnings to interest and
8 debt service. That two times ratio gives us plenty
9 of flexibility in our financing and gives us
10 flexibility also to do our capitol plans that we
11 have, including work that needs to be done in the
12 Tropicana in Atlantic City. Potential for a boat
13 and moat concept we are looking at in Baton Rouge.
14 We are obviously focused on completing the project
15 that Aztar has begun on the Casino Aztar in
16 Evansville, the 30 million dollars project which
17 has about 9 to 10 million dollars left to go on the
18 project and we have those funds committed as well.

19 Also, our acquisition of Casino Queen is one of
20 the uses for the funds of this financing. And it's
21 about a 200 million dollars acquisition which
22 includes a 55 million dollars commitment to convert
23 it to a boat and moat concept. And then some hotel
24 renovations in Laughlin.

25 As you can see from the next chart, which is

1 the only chart in this package that doesn't have a
2 number on it, sorry about that, the total equity
3 that is applied in this evaluation, in this
4 financing, is about 1.6 billion dollars that we
5 have committed in cash and equity, valuing our
6 contributed assets towards that 2.9 billion dollars
7 of financing we have talked about.

8 Historical revenues. We are a very
9 significant-size company. Our existing portfolio
10 properties on a 12-month basis contributed about
11 371 million dollars of annual revenues and acquired
12 properties Aztar and Casino Queen add about 912
13 million dollars for a total of revenue supporting
14 this facility of nearly 1.3 billion dollars. And
15 if you include the revenue stream from the Las
16 Vegas property, which we will continue to keep open
17 while we do the renovation that brings that total
18 revenue number to 1.435 billion dollars of annual
19 revenue. So we are a very significant size of
20 business.

21 I would like to turn over the rest of the
22 conversation to Donna More.

23 MS. MORE: Good afternoon. You will have to
24 forgive me, I think it's left over from my days as
25 a prosecutor but I can't talk sitting down, I have

1 to stand up. I only hope I don't put you to sleep
2 like I did a lot of my juries.

3 My name, again, is Donna More and I am the
4 newly appointed vice president and general counsel
5 for Columbia Entertainment. I will just correct
6 Buddy, I actually started nine days ago. So today
7 is day nine. And as many of you know, because I
8 have had the opportunity to work with you, I have a
9 long history in the gaming industry. I hope we
10 will keep the actual length confidential, as in my
11 personal disclosure form.

12 But I have been on all sides of the industry,
13 which has been a great learning experience and
14 pleasure. I started out as the first chief legal
15 counsel in Illinois. I worked a lot with the board
16 and staff at the time in Indiana so we could get
17 boats up and running and develop our rules and
18 regulations. I then left and became an outside
19 lawyer for many companies in the industry, both
20 owners and suppliers. I was fortunate enough to be
21 a director for two public gaming companies, so I
22 felt my career was missing this fourth piece of
23 being an in-house general counsel. So I have
24 decided to try that.

25 I know you all have a big decision today and I

1 wanted to be a little bit bold and a little bit
2 presumptuous and share with you how I made my
3 recent big decision to accept this job to be the
4 in-house general counsel.

5 Columbia Entertainment is not the flashiest
6 company in the gaming industry. Mr. Yung, to date,
7 does not have his own television show, although I
8 will entertain any offers that I get and review
9 them with him. But this company is really all
10 about Bill Yung. And it is not only about his
11 business, which I think you can see over the past
12 30 years he has done an incredible job, but it is
13 really about his integrity and his ethics.

14 And when I was an outside lawyer for the
15 company in Illinois working on the Casino Queen
16 acquisition, we had a lot of discussions about the
17 growth of Columbia Entertainment in the gaming
18 industry, about what you need to do to perform
19 well, about what a company has to do to be a vital
20 member of the community where it operates, and
21 about what it has to do to be a good regulatory
22 citizen. As an in-house lawyer, I will get to work
23 with the company to do all of that and that is why
24 I decided to take this job. But I have a very big
25 to do list, even on day nine.

1 The first thing on my to do list is to
2 implement a corporate compliance plan and training
3 program. We really want to be the company that
4 when you all are talking about how to do something
5 right you say, "Do it like the casino in Evansville
6 is doing it." Hopefully, you do that right now,
7 but we are going to improve upon it. You can never
8 have too much training from the top down.

9 Mr. Yung, Mr. Fitzpatrick, we will all be sitting
10 through compliance training sessions, and I think
11 it is true that it is a trickle down theory; if all
12 of your employees know it's important and everyone
13 does it, it has a little greater impact.

14 The second thing I'm going to do, and Jim
15 mentioned it, really I call it corporate
16 responsibility. Jim and myself and another woman
17 at the company, Angela Hopper, we are really going
18 to develop a corporate responsibility program. I
19 use that term, but it's really corporate relations
20 and corporate and community giving. And Jim has
21 done a great job at the Evansville casino. He and
22 I have had a chance to talk. Actually, I knew
23 about Jim before I came to the company, and we
24 really hope to take a lot of what he did at Casino
25 Aztar and really develop it and bring it up to a

1 corporate level and implement it at other
2 properties that we have. We look forward to
3 continuing what Casino Aztar has done but also
4 creating our own footprint as we look forward to
5 acquiring the company and creating a good
6 relationship with the community.

7 Another to do list is diversity and diversity
8 programs, both in terms of work force diversity and
9 in terms of vendor purchasing programs. And this
10 is an issue near and dear to my own heart. If
11 there was a simple answer, everybody would be doing
12 it. I had a conversation earlier this week, I was
13 down in Evansville and I talked to one of the city
14 counsel members, Connie Robinson, and we were
15 trying to determine what programs really work, what
16 programs don't work, what you can do, what you
17 cannot do to try and get a diverse work force;
18 because to me, a diverse work force makes sense not
19 only for the community but for the company. And
20 how do you encourage and facilitate women and
21 minorities to open businesses, to take businesses
22 from one level to the next level so they can
23 compete and actually provide real service to the
24 gaming industry. So there are things like their
25 job fairs, vendor fairs, training programs,

1 partnering with local organizations and even to the
2 extent that Evansville doesn't have a particular
3 Chamber of Commerce broadening the circle and
4 coming to Indianapolis; to see if we can get some
5 assistance there.

6 But there are also things I think we can do
7 that aren't so glamorous and don't necessarily get
8 front page news, which is to mentor and reach out a
9 helping hand. And Mr. Yung reached out a hand to
10 me and now I'm going to be a decision-maker sitting
11 around the table for Columbia Entertainment. And
12 when you look at the industry there aren't very
13 many women that have the opportunity to sit around
14 a decision-making table and do that.

15 So my goal and the goal for the company is to
16 have people not only do the big programs, but to do
17 the programs on an individual level where if
18 management is committed to this and management is
19 committed to going and looking in the work force
20 and lending a hand for someone to bring them up a
21 notch, to me that is really an important thing and
22 that's how I've been helped through my whole
23 career. As I say, this is something that I'm
24 excited about and I'm excited to be in a position
25 where I think I can have an effect on it and I hope

1 to be back before you at some point to actually
2 discuss how and programs and things we are doing,
3 but it's on my to do list.

4 As I mentioned, I spent time earlier this week
5 down in Evansville and I had the pleasure of
6 meeting with the Mayor and other community leaders,
7 thanks to Jim. And I look forward to really
8 beginning to develop our own relationship in the
9 community. I know Aztar has had a great
10 relationship and we look forward to continuing it.
11 We have talked about some things that we can start
12 to get going on, hopefully, after the acquisition
13 is approved. I also look forward to what I call
14 regulatory relations. I have had a good
15 relationship with regulators and I look forward to
16 continuing that. We will have local lawyers and
17 lobbyists and all of that good stuff, but I don't
18 want the corporate sides of Columbia Entertainment
19 to be a facelist company you don't know. You will
20 see us a lot and hopefully you can pick up the
21 phone and you will feel comfortable picking up the
22 phone if there is anything to chat about. So I'm
23 excited to be here.

24 I would respectfully request that you approve
25 the acquisition today and we can work on some of

1 these exciting plans. Thank you.

2 CHAIRMAN BARRETT: I know we have a number of
3 people who are going to speak. And I think in the
4 interest of time we will have everyone speak and
5 bring you back for questions. So don't go too far;
6 okay.

7 The Mayor of Evansville is the first person who
8 would like to speak.

9 MAYOR WEINZAPFEL: Good afternoon.
10 I appreciate the opportunity of meeting with the
11 Gaming Commission and staff to discuss the transfer
12 of Aztar's license to Columbia Entertainment. I do
13 want to say at the start, the Gaming Commission
14 staff has been very helpful. We have had several
15 meetings and many conversations about this process
16 and the opportunity for the City of Evansville to
17 weigh in.

18 I guess I will start from the beginning and I
19 will be very frank in my comments. Initially, we
20 had quite a few concerns. From what I was able to
21 glean reading news reports is that Columbia had
22 overpaid for Aztar quite substantially. Obviously,
23 we were concerned about their commitment to the
24 City of Evansville. We have done our own little
25 research and saw newspapers and magazine articles

1 that weren't necessarily flattering talking about
2 operations and other jurisdictions with regards to
3 reducing work force, high turnover rates,
4 questioning whether they were a committed corporate
5 partner. I was a little dismayed that I did not
6 hear from the company for nearly several months
7 after the I guess Board of Directors at Casino
8 Aztar had accepted their bid.

9 And of course, we were very concerned about the
10 possible loss of Jim Brown. He has been an
11 important partner in Evansville. He has earned the
12 people of Evansville's respect and my respect of
13 someone we could work with in a collegial basis to
14 move the community forward and make sure that
15 everything we take on is a win, win situation for
16 both Casino Aztar and the City of Evansville.

17 So we started our own research process,
18 obviously not as extensive as the Gaming Commission
19 did. But we gleaned what we could from the public
20 documents, we met with the Gaming Commission staff.
21 We also met with Mr. Yung twice, Jim Brown numerous
22 times, both as an ongoing relationship, and just
23 this last week had the opportunity to meet with
24 Donna More and Angela Hopper. During those
25 meetings we asked several questions. Obviously, we

1 were concerned about their commitment to Evansville
2 in terms of growing the market, concerns about
3 employment levels, their investment in the
4 facility, their purchasing habits, to what extent
5 they will purchase locally and continue to support
6 MWB purchasing.

7 And of course the big question is how does
8 Evansville fit into the mix? We understood our
9 position with Aztar but this is a whole new beast
10 here with the possibility of license in Allentown,
11 Vegas, Atlantic City, other properties. Where does
12 Evansville fit into the mix? What is their
13 commitment to our City? Based on those meetings
14 and conversations, we have seen some assurances.
15 Mr. Yung, Ms. More and Mr. Brown have assured that
16 at a minimum they would maintain and would seek to
17 be more aggressive and be a more aggressive
18 community partner with corporate giving, charitable
19 giving, local business spending and purchasing, and
20 participation in the MWB program. We've had
21 numerous discussions and there is a growing
22 confidence in the answers we received.

23 And I think the level of participation we would
24 expect to get from Columbia Entertainment.

25 Also based on the conversation, we received

1 assurances that they would seek to update and
2 upgrade the gaming facility itself. And I think
3 Jim or Mr. Yung talked about moving from a
4 multistory gaming facility to having the gaming
5 operations on one level with some type of theater
6 or performance arena on the top floor, making a
7 two-story facility.

8 They have committed to being a corporate
9 partner in our downtown development. I can't tell
10 you how important that is and valuable the
11 relationship with Aztar is because they have been
12 right there linked arm to arm with the City of
13 Evansville with the downtown development plan. It
14 is critical to the future of our community that
15 relationship not only be maintained but be
16 accelerated. They have also committed to reviewing
17 local development, to pursue those ends with regard
18 to downtown development.

19 So I guess in summary, based on our
20 conversations, there is a growing confidence and
21 comfort level with Columbia Entertainment. I
22 appreciate the responses we have received to our
23 concerns. You know, this is based on the personal
24 word that Mr. Yung, Ms. More and Mr. Brown has
25 given us with regard to their commitments on

1 purchasing, employment, charitable giving,
2 corporate giving, and how they will participate
3 with the City of Evansville with regard to the
4 downtown development plans.

5 Now, what is unknown are some of the other
6 questions I mentioned at the beginning. And I
7 think these are really questions that only the
8 Gaming Commission can answer with regard to their
9 managerial operation approach, philosophy, and how
10 is that put into practice. Is that at the level
11 you would expect from a reputable gaming operator
12 from the State of Indiana? Only you can answer
13 questions about the financial liability of this
14 deal. Does it make sense? Hopefully through your
15 financial review, you will be able to come up with
16 a satisfactory answer to protect not just the
17 people of Evansville but people in the entire State
18 of Indiana with regard to this transaction.
19 Basically, those are the two open-ended questions
20 that I'm curious to see the Gaming Commission get
21 answers to and see results.

22 Again, I appreciate this opportunity to address
23 you about the potential transfer of this license.
24 Thank you.

25 CHAIRMAN BARRETT: Thank you, Mayor.

1 No one else signed up to speak on this topic
2 but if anyone would like to, now is the time.

3 All right. Then we have questions and
4 discussions from the Commissioners on this
5 transfer.

6 COMMISSIONER VOWELS: I have some questions, if
7 no one else does.

8 COMMISSIONER WALSH: I have one quick question
9 for the Mayor.

10 Mr. Mayor, I don't know you or know what party
11 you are from, your age, or your background. But if
12 you were in our seat, what would you recommend?

13 MAYOR WEINZAPFEL: Well --

14 COMMISSIONER WALSH: I have concerns both ways.
15 In the chairman meeting earlier today, I asked what
16 are the Mayor's -- what was his feelings. And you
17 would be the better --

18 MAYOR WEINZAPFEL: There are many pieces to
19 this puzzle.

20 COMMISSIONER WALSH: I know. I need a yes or
21 no.

22 MAYOR WEINZAPFEL: Well, I think that's unfair.
23 I don't have access to the investigatory reports
24 that were conducted, I don't have access to the
25 financial information that you have been able to

1 glean. I think it's quite unfair to ask me to
2 weigh and give a stamp of approval to those two
3 important aspects of the transfer of this license.

4 COMMISSIONER WALSH: That wasn't meant to be
5 hostile by any means, sir. I have just never been
6 to your city and as in general --

7 MAYOR WEINZAPFEL: Come to our city. It's a
8 great community.

9 COMMISSIONER WALSH: I'm sure it is. It's a
10 hike from where I am.

11 As a general rule, you would probably say yes;
12 is that a fair assumption from what you know?

13 MAYOR WEINZAPFEL: The aspect from what we have
14 discussed. As I mentioned, there is a growing
15 confidence level on my part and comfort with the
16 responses we have received about the things that
17 are within our control that we can measure, which
18 are participation in the MWB program, local
19 purchasing, hiring, downtown development. We have
20 had numerous discussions, and there is a growing
21 confidence in the answers we have received and
22 level of participation we would expect to get from
23 Columbia Entertainment.

24 COMMISSIONER VOWELS: Would you feel
25 comfortable if we granted this license today

1 without any additional information -- would you be
2 happy without us listing out specific conditions
3 here today as to those items that you talked about,
4 your comfort level getting better than it was
5 initially, without us dotting the i's and crossing
6 the t's on these particular items of what you
7 mentioned?

8 MAYOR WEINZAPFEL: Well, I think it is
9 important, and we've had these discussions in our
10 meetings, I expect the Gaming Commission would put
11 the executives at Columbia on the record with
12 regard to their commitments to the various things
13 we have talked about. And I assume that is part of
14 the process. Again, the other half is the
15 financial liability of this deal from a global
16 perspective. And I assume the staff has done that
17 review. I mean, those are the important issues
18 that need to be resolved. I don't really have an
19 opinion on it because I have no access to that same
20 information, nor do I have the resources to review
21 it.

22 COMMISSIONER VOWELS: I don't know who wants to
23 address this, whether Mr. Yung, Ms. More, or one of
24 the others. Just starting at the beginning. There
25 in your list in what was your presentation here --

1 there is reference to a casino boat, the Amelia
2 Bell, which at one time was under development in
3 New Orleans, is that correct, that's the same one?

4 MR. YUNG: Yes, it is.

5 COMMISSIONER VOWELS: I'm looking at a media
6 report from January 2006 where a Federal Judge
7 agreed to allow the Orleans levied to seize that
8 boat because of allegations of delinquent lease
9 payments, 1.3 million dollars. What is the status
10 of that?

11 MR. YUNG: The boat was moved down to
12 New Orleans because it suffered severe damage
13 during Hurricane Katrina. It was moved to Mobile
14 to the vendor shipyard to get repaired. We are in
15 a legal disagreement through our attorneys. We
16 were perfectly within our rights to move the boat
17 to get it fixed. And according to our attorneys,
18 the grant at the time of a catastrophe does not
19 have to be paid and they say it does have to be
20 paid. And that's the issue.

21 COMMISSIONER VOWELS: Your intention is never
22 to take that boat back where it was initially?

23 MR. YUNG: That is correct, we are not planning
24 on taking it back. Commissioner Vowels, there is
25 no one that lives around there anymore.

1 COMMISSIONER VOWELS: Okay. The Louisiana
2 Gaming Control Board implemented minimum conditions
3 for your company; did they not?

4 MR. YUNG: I don't know what you are referring
5 to.

6 COMMISSIONER VOWELS: Let me find this for the
7 other Commissioners. This is page 8 of our
8 materials. From what we have, the Louisiana
9 Gaming Control Board implemented specific
10 conditions on the casino license to employ -- you
11 must hire 90 percent of Louisiana residents,
12 minorities and women. Must be hired from the
13 population. And that you may not drop below 800
14 employees for the riverboat support operations.
15 And that 75 percent of the goods and services must
16 be bought through a Louisiana company.

17 That's all true, is it not?

18 MR. YUNG: Sir, those were prior on Argosy when
19 we took over the license, not to drop below 800
20 employees.

21 COMMISSIONER VOWELS: Is it not true that
22 whatever minimum conditions that the Louisiana
23 Gaming Control Board has insisted upon, that number
24 is exactly what you have achieved; those minimum
25 conditions?

1 MR. YUNG: I don't know exactly what the head
2 count is, sir, but I know it's very, very difficult
3 to hire anybody in Baton Rouge. There is a
4 shortage of people. We have had job fairs and
5 everything we have done to hire people there, but I
6 don't know exactly what the head count is right
7 now.

8 COMMISSIONER VOWELS: The Baton Rouge Mayor's
9 office made mention that your company's presence as
10 a corporate citizen is non-existent. What is your
11 statement as to the Mayor of Baton Rouge's
12 statement?

13 MR. YUNG: That's the first time I have ever
14 heard that.

15 COMMISSIONER VOWELS: Okay. Is your company's
16 presence as a corporate citizen in Baton Rouge
17 something other than nonexistent?

18 MR. YUNG: Sir, I don't know what our policy --
19 what we have done on contributions or anything. If
20 I would have known this in advance, I could have
21 had a list of what we have done.

22 COMMISSIONER VOWELS: Okay. You knew in
23 advance it was very important that Mr. Brown remain
24 in the system and within the last eight days you
25 have hired on Ms. More. You had no idea this

1 Commission would be interested in your community
2 orientation?

3 MS. MORE: Mr. Vowels, if I can just interrupt
4 for a minute. A couple of different things. One,
5 I did start -- I was actually hired about six weeks
6 ago, but it took me a while to wrap up my legal
7 practice. But one of the things we are interested
8 in doing, and one of the things that Bill and I
9 have had a conversation about, is that Columbia
10 Entertainment has gone, through the course of these
11 acquisitions, from being a small casino company to
12 a large casino company. And what comes with that
13 is a different kind of corporate responsibility.
14 And one of the things that I am charged with and
15 I'm going to work with Jim and Angela Hopper on is
16 to find out exactly what we are doing in every
17 community, including Evansville -- although we have
18 a very good base to start with in Evansville -- and
19 see what we can do to improve what we are doing, to
20 see what we can do from a corporate wide standpoint
21 to get programs in place in every casino and create
22 a better footprint than we have right now. But
23 that's part and partial with the growth. Good or
24 bad, our growth came in a big growth spurt and I
25 think we have a short time, but we still need to

1 catch up and I think that's part of what I'm
2 charged with doing as general counsel for the
3 company.

4 COMMISSIONER VOWELS: I understand that. You
5 have been on the regulatory side of this. And you
6 understand our job is to make sure that we are
7 having a good fit here but also when a company has
8 a particular history, there is a comfort level that
9 needs to be reached if that history is not so --

10 MS. MORE: I understand.

11 When Jim -- earlier today when he was thanking
12 the Commission on behalf of Aztar, he used a phrase
13 "promises made and promises kept." And this is
14 very difficult. It's a new relationship. We are
15 coming in and some of us you know and some of us
16 you don't know. Some of us you've worked with in
17 the past in different capacities. But I think that
18 over time you will be able to feel comfortable and
19 you will be able to say, "No change to what Jim
20 said, promises made and promises kept." And that's
21 what we look forward to doing with you.

22 COMMISSIONER VOWELS: And my point here today
23 is with the transfer of this license, a license is
24 a privileged under the laws of the State in
25 Indiana, that if promises made are just huffing and

1 unless there are is i's to be dotted and t's to be
2 crossed to revoke someone's license, it's a near
3 impossibility. I look at this -- and you are their
4 in-house counsel now, and I know I have been in
5 situations where I have worn other hats and had to
6 advocate a particular position. I don't want to
7 put you in a bind. But when I see a company as
8 they did in Missouri, sued the Gaming Commission,
9 and gets kicked out on standing and the Appellate
10 Court determines there was no standing, and some
11 advice that was given by a tax advisor -- if my
12 client comes to my office, the first thing you do
13 is figure out is there some cause of action and
14 jurisdiction for an attorney to give advice where
15 something gets kicked out on standing. That just
16 seems to me as a regulator to transfer a license to
17 someone who would sue the Gaming Commission when
18 there is no standing.

19 And I find it hard to believe that there was
20 not some advice given there would not be a
21 standing. So my point is, I want to feel a comfort
22 level here. And I know from what the Mayor says,
23 he does not have sufficient information to be at
24 that comfort level. And you know what I was doing,
25 I was asking Caesars those questions -- you know

1 exactly what I was doing.

2 MS. MORE: Sure. I have been on your side of
3 the table.

4 COMMISSIONER VOWELS: All of those things, and
5 it's a different deal at the application process,
6 when you have two or three other applicants and
7 they are bidding against each other. And then
8 after going through those things over those years
9 and another company you have seen they came in and
10 they were the only applicant, does it enter into
11 that same competition. And so I need to get to a
12 comfort level. There are things I need a to ask
13 and point out so I know where we are coming from
14 and what my expectations are.

15 I can't speak for the other commissioners.
16 This is the first time we have ever been together
17 in a situation like this, so I don't know what to
18 anticipate from them. I may be screaming down a
19 well all by myself.

20 MS. MORE: Well in a sense, this is kind of
21 like an arranged marriage, which is we will be in
22 this together but maybe we don't know so much about
23 each other.

24 COMMISSIONER VOWELS: It's kind of like trust
25 and verify, that Reagan said about the Russians;

1 and Reagan would not have said that if it was
2 Stallen that he was talking about, Stallen was
3 dead.

4 MS. MORE: Hopefully, you don't want that from
5 us.

6 COMMISSIONER VOWELS: Let me say this and tell
7 you what I know. This is one of the best
8 investigations that I have ever had in all my years
9 of doing this. The Mayor of Pittsburgh states that
10 Wimar has not been community oriented. The
11 Pittsburgh Main Street Program person said that
12 they have been an excellent corporate partner but
13 was more community oriented. There has been job
14 losses in some of the other jurisdictions. Wimar
15 implemented benefit programs that cost
16 significantly more and current salaries are not
17 compensate to other casinos. It goes into
18 litigation. No standing. I find it offensive. I
19 don't know how much of this is confidential, so I'm
20 not going to get into some of these things. But
21 they were regulatory compliance issues and other
22 jurisdictions that seem to be pretty obvious. And
23 this company has been in the casino business since
24 1990, so some of this should have been fairly
25 obvious.

1 I see they have a new corporate office, 10,000
2 square feet. My first thought was, "Is that more
3 space to move more employees out of their
4 jurisdictions."

5 Some of the other things. There was a
6 conversation that Mr. Brown had with Jenny Arnold
7 that she forwarded to me that talked about the loss
8 of 14 to 20 jobs through nutrition and gaming
9 agents report 20 jobs through immediate
10 termination.

11 I have seen in here what the commensory
12 salaries are and that concerns me, but if you can
13 hire people for a particular price and get more
14 than what he is paying for, then that's great. The
15 health insurance that the employees have now will
16 stay that way for a year and they will pay a higher
17 deductible and larger contribution through their
18 salary.

19 Capitol expenditures, there is a discussion
20 about a new boat. That boat is 11 years old. I
21 don't know if there is an older boat in the State
22 of Indiana. We were talking about that recently
23 and she mentioned to me that that was viewed as a
24 strong point, that replacement of that first
25 generation boat. I said to her that that is like

1 Blue Sky telling us, "Give us a license because we
2 are going to take the radiators out of the rooms at
3 the French Lick Hotel." That is something that
4 should have happened a long time ago. It is a good
5 selling point, but I do not see it being sold here.
6 I see, in your own words, potential to replace the
7 first generation. Multilevel and casino boat
8 showrooms.

9 I remember one evening being on the telephone
10 with Jenny Arnold and she was telling me about that
11 as I was driving by the boat, which isn't very far
12 off of Riverside Drive, which is across from the
13 hotel. And I'm thinking, "Where are they moving
14 this to? They can't move the road if they are to
15 build this on the street."

16 So my point is, I need from my comfort level to
17 have good solid commitments as to what this company
18 is going to do in the community and how they are
19 going to be treating their employees. I did the
20 same thing the mayor did, I went on-line early and
21 looked at some of the news reports, and they were
22 not favorable as far as the exitus, as far as the
23 employees from casinos that were purchased by
24 Wimar. So those are my concerns. It's not so much
25 that I object to any transfer of this license. I

1 don't know if there is anything else that can be
2 done, but I need a better comfort level and I need
3 to know exactly what it is that they propose to do,
4 when they are going to do it, how much it is going
5 to cost, how they are going to pay for it.

6 One question I have that maybe you can answer
7 is that I understand that if this -- that there is
8 some day, whether it's November 15th or some other
9 day, where this has to be -- the approvals have to
10 be obtained from the various gaming boards or there
11 is an additional amount of money that has to be
12 paid to Aztar, and if you can fine tune what it is.
13 And if this doesn't happen today -- are there other
14 jurisdictions that it hasn't happened yet or
15 happened before November 15th is the date -- what
16 is the date? Do you know those answers?

17 MR. FITZPATRICK: Sure, the date is six months
18 from the date we sign the transaction, which is
19 November 19th. And then it costs us approximately
20 \$340,000 a day in incremental charges that will
21 have to be made.

22 The second part of your question was the other
23 regulatories --

24 COMMISSIONER VOWELS: I know now they do that
25 in New Jersey in advance. Okay. And then they do

1 the next part.

2 MS. MORE: New Jersey has what they call
3 interim casino approval, which under the agreement
4 with Aztar is fine. We are back before -- the
5 Nevada board approved the transaction last week
6 with a recommendation that the Commission approve
7 it, they have a two tier structure. So we are back
8 before the Commission next Thursday. It has
9 already been approved in Mississippi. Louisiana
10 has to approve the financing part of the
11 transaction as opposed to the actual acquisition.

12 COMMISSIONER VOWELS: When will that take
13 place?

14 MS. MORE: Louisiana right now is scheduled
15 for -- their meeting is on November 21st.

16 COMMISSIONER VOWELS: Okay. So it will not
17 happen before the 19th?

18 MS. MORE: It will be a few days late because
19 of the scheduling of the Louisiana meeting.

20 COMMISSIONER VOWELS: So a couple of days that
21 you will have to pay out, at least until Louisiana
22 does that?

23 MS. MORE: That's correct.

24 MR. FITZPATRICK: Actually, Commissioner,
25 because of the timing on this and because of how

1 Thanksgiving falls, we actually won't be able to
2 start our road show until right after Thanksgiving.
3 So we are actually going to be delayed a little
4 beyond a few days.

5 COMMISSIONER VOWELS: Okay. Do you have to pay
6 \$340,000 on Thanksgiving?

7 MR. FITZPATRICK: Unfortunately, we do.

8 COMMISSIONER VOWELS: Ms. More, who were the
9 other local officials you have spoken to?

10 MS. MORE: We met with -- and I have my list.

11 MR. BROWN: I can specifically answer that.
12 Mayor Jonathan Weinzapfel; we met with the
13 president of the city counsel, B.J. Watz;
14 Connie Robinson, the President of the county
15 counsel; the president of the county commission,
16 Sheryl Musgrave; county commissioners Bill Metz and
17 Tom Shetler. We met with the president/CEO of the
18 Evansville Chamber, Matt Meders, and we met with
19 the executive director of the Evansville
20 Convention and Visitors Bureau.

21 COMMISSIONER VOWELS: Was that during the trip
22 you made to Evansville? Did you meet with all of
23 those people?

24 MS. MORE: I did. It was a busy day on Monday.

25 COMMISSIONER VOWELS: Just this past Monday?

1 MS. MORE: It was just this past Monday. From
2 my own scheduling purposes, I couldn't do much
3 before November 1st when -- my first official day,
4 so I tried to -- I wanted to see the area, I wanted
5 to see the boat before I appeared before you today.

6 MS. BROWN: If I could, could I address you,
7 Commissioner Vowels. I would appreciate it because
8 you made a lot of points here and I would like to
9 comment to some of them.

10 I have heard about not visiting Evansville, and
11 we have an internal plan at Aztar that there really
12 shouldn't be any visits until after the shareholder
13 vote because it's not -- internally not a done deal
14 until that time. That didn't happen until October
15 17th.

16 COMMISSIONER VOWELS: When you say "visits" --

17 MR. BROWN: Visits from Columbia Entertainment
18 officials. We have heard mention of that in the
19 room today to Evansville; To the City of Evansville
20 to meet with local officials.

21 And we know Moraine Haden (phonetic) made
22 comments and articles concerning that. And in
23 speaking with Columbia Entertainment, as they have
24 been involved in other acquisitions, they said the
25 problem they have is that they get called

1 pretentious and they don't even own the company.
2 And they are already walking through town like they
3 own the joint.

4 So Mr. Yung has made himself available twice
5 now. Donna planned to come earlier but got called
6 to New Jersey, Nevada, and Pennsylvania all in the
7 prior week she planned to visit.

8 I remember 11 years ago when Aztar was coming
9 to Evansville, I heard a lot of these things then.
10 I think a commissioner even resigned over the
11 decision to grant Aztar that license.

12 COMMISSIONER VOWELS: We can't say that out
13 loud, but I think you are right.

14 MR. BROWN: The referendum passed in Vanderburg
15 County, 51 to 49 percent, and you would have
16 thought that perhaps the devil was coming to town.
17 Well, that turned into a true success story and
18 Casino Aztar Evansville has turned into a prototype
19 that others modeled themselves around for community
20 relations. What we did at Aztar 11 years ago were
21 pledges that we made to our local community. We
22 did not have a great record with community
23 relations. If you had gone to Atlantic City,
24 Cruthersville, Las Vegas, you would have heard
25 community relations; what community relations.

1 This was a long process that taught us that
2 community relations are a good business practice
3 and the right thing to do. And over time, even our
4 corporate office was convinced this was a good
5 program. But again, it started with pledges.

6 Columbia Entertainment has come to town and
7 they have made pledges that they will fulfill
8 every responsibility and obligation that Aztar has
9 had in the past, they will operate on our level of
10 corporate citizenship. And for Evansville you have
11 a lot of jurisdictions, the cup is half full,
12 Evansville's cup is fully full. And I don't think
13 they need to be asked to do any more to continue as
14 a model citizen would. And I know you are not
15 asking for more, but their word is that they will
16 continue the program that Aztar has in place. As
17 we did 11 years ago, Aztar was permitted to operate
18 and what more can a company do. They have not had
19 a chance to walk the talk yet in Evansville. As
20 Donna pointed out, the gaming side of this company
21 is small and you don't have -- you have
22 jurisdictions that operate completely around
23 gaming. And there may have been this step but
24 that's how we learn, from our past history.
25 I did a lot of due diligence as Donna did before we

1 joined Columbia Entertainment. I'm convinced as to
2 the integrity and ethics of Mr. Yung and those
3 around me. I want to be a part of the team. And
4 I'm convinced that they mean what they say when
5 they put me in a position as corporate vice
6 president of community relations to help and
7 develop and implement these programs around the
8 company.

9 We talked about jobs and rates of pay and
10 benefits. The merger agreement states the benefits
11 will remain substantially similar for a minimum of
12 one year. We spent a lot of time getting to know
13 Columbia Sussex, Columbia Entertainment. They
14 looked at our wage scales and they say our wage
15 scales are in line with their own company's wage
16 scale.

17 Aztar has done their homework throughout the 10
18 years that we operated. We want to have solid
19 good-paying jobs, but we want to pay what the
20 market is paying. We are in the top tier of our
21 market but we look at the Evansville market in
22 terms of rates of pay. And we have been told that
23 there is no dissimilarity, that this should
24 continue. I have an employee base of approximately
25 less than 1,100 people today and there is not any

1 uproar going on at my property that they are afraid
2 of, and they read everything, and they through all
3 their own due diligence and they believe, by and
4 large, this is going to be a good relationship.

5 Capitol Investment, Boats, and Moats. In my
6 conversation with Jenny, Columbia Entertainment
7 pledged to continue our trend with marketing
8 expenditures. Marketing brings in customers to
9 take advantage of your products. They have pledged
10 on paper they will continue with our trend of
11 marketing expenditures. They have pledged on paper
12 that they will continue with our level of capitol
13 expenditures.

14 The boat and moat, the reason it's being
15 explored and considered is because we are in a
16 dangerous bend in the river. We have a small
17 amount of real estate to operate in. We have steel
18 pylons that are along the riverbank. We are trying
19 to determine how far inside we can go, how far out
20 we can go, how long we can go to insure that we
21 have a valuable, competitive facility.

22 And from Mr. Yung's standpoint, he's ready to
23 go, but there is so much technical side to this
24 that needs to be explored through the Coast Guard,
25 the Core of Engineers. And the merger is not done

1 yet, so we can't get as far into it as we will in a
2 very short period of time.

3 And you know, we talk about Baton Rouge. I
4 don't know specifically the story of Baton Rouge,
5 but I know for the first couple of years we weren't
6 doing anything in Evansville we were told. And
7 then Greg Server (phonetic) and I had a
8 conversation and he said, "Jim, you're going to
9 have to self-promote yourself. If you don't give
10 yourself credit, nobody is going to give you any
11 credit." And at that time if you had asked what
12 Aztar had done, they hadn't done anything.
13 So we started self-promoting and a lot of our
14 community impact gets out there through our report.
15 So I will take with a grain of salt someone who
16 says they have not engaged in the community
17 because they might not know. I'm not challenging
18 what the Mayor of Baton Rouge said, but I know what
19 I went through in Indiana and the feedback I got
20 during the first several years I was involved in
21 operations on behalf of Aztar.

22 And we are talking about work forces. I don't
23 want to compare us to other facilities but, you
24 know, I have a high level of respect for Harrah's
25 Entertainment. But you heard they have 2,100

1 employees, I think, at their Caesars facility. We
2 have 1,100 at our facility. They do three times
3 the revenue we do. Maybe I would ask another
4 operator why they have not created more jobs rather
5 than concern that a centralized decentralized
6 company may take a few jobs that are redundant to
7 their corporate headquarters. We are highly
8 decentralized. I'm sure other companies and
9 acquisitions have gone through this. And it's
10 redundancy, it's not a big percentage of the jobs,
11 but we've already looked at the positions. I'm
12 much more concerned about the business impact of
13 French Lick than I am on a merger with Columbia
14 Entertainment because we have always staffed
15 efficiently. We staffed to our business levels.
16 Our business levels grow, then we should see
17 maintenance of employees. If they decline because
18 of French Lick -- and I would hate to have to put
19 something on record that says French Lick takes 10
20 percent of your business, you don't have the
21 authority to reduce your work force accordingly.

22 COMMISSIONER VOWELS: And that's exactly what
23 I'm saying. I would never say that we need to
24 micromanage this, to say you have to have this X
25 amount of jobs or this X amount of payroll. If we

1 said as a condition of this license Jim Brown has
2 to remain, you could put your feet up on the desk
3 and take a nap for about five years. So I'm not
4 interested -- or kidding myself that we should get
5 into micromanaging to that degree. My problem is
6 all I can go on is the history of this. I didn't
7 hear any bad rumblings about Aztar in the first few
8 years and all I have heard are good things. I
9 heard a lot of good things in the media about you
10 and I have mentioned this in the executive session.
11 I have never see you outside of these meetings. I
12 don't know where you hang out, but it's not where I
13 hang out.

14 MR. BROWN: We are not allowed to hang out.

15 CHAIRMAN BARRETT: One thing we are going to
16 micromanage, we have now been going for over three
17 hours and we need to take a break. We will
18 reconvene. Thank you.

19 (AT THIS TIME THERE WAS A BRIEF RECESS TAKEN,
20 AFTER WHICH THE FOLLOWING PROCEEDINGS WERE HAD:)

21 CHAIRMAN BARRETT: All right, then we will
22 reconvene the meeting of the Indiana Gaming
23 Commission. Mr. Yung was about to make a comment.

24 MR. YUNG: I would like to make a few comments.

25 CHAIRMAN BARRETT: Go ahead, sir.

1 MR. YUNG: To my defense about Baton Rouge. In
2 Baton Rouge we hadn't even gone through a year yet,
3 and what we had done there to try to maintain the
4 employee levels, we put in a regional laundry in
5 there that covered our hotel and New Orleans and
6 Casino and Sheridan and also the Marriott, we also
7 did in Baton Rouge. So we are trying to maintain
8 the level as best we can with the shortage of
9 people down there.

10 As far as wages and benefits, our wages and
11 benefits are equal to everyone else in the
12 industry. If we didn't pay what everybody else was
13 paying, we couldn't get people.

14 When I met with the Mayor last week, I agreed
15 to go into negotiations with him of signing a new
16 10-year agreement. And I thought everything was
17 going pretty good, so we are going to go ahead and
18 work with the city to come up with a development
19 agreement for 10 years.

20 The other thing that we mentioned to the Mayor,
21 and you can put it in writing if you want, but we
22 are committed to putting a boat and moat there if
23 it's physically possible.

24 My understanding is you can go out in the river
25 another 50 feet and we can move inland about 50

1 feet and we can get a large enough area in there to
2 put a boat in there, subject to gaming approval.
3 So I have no problems committing to that and we can
4 do it immediately. So that's all.

5 CHAIRMAN BARRETT: Thank you, Mr. Yung.
6 Mr. Mayor, is there something else you wanted to
7 add, sir?

8 MAYOR WEINZAPFEL: If I could. I got the
9 impression there may have been some confusion about
10 my presentation and answers. Of course, I thought
11 it was pretty straightforward. Obviously, there
12 are a couple of issues that are beyond my ability
13 to provide a recommendation. There is the
14 suitability and financial liability of this deal.
15 With those aside, the issues that we have had
16 numerous discussions with Mr. Yung, Mr. Brown,
17 Ms. More about are with regard to the things we can
18 measure, the things really important to us as a
19 community, such as local purchasing, the MWB
20 program and their commitment to that, hiring,
21 downtown development, and basically working in
22 partnership as a community partner. All aspects of
23 that we have had some very positive conversations.
24 You know, we have had a strong track record with
25 Casino Aztar and have been very comfortable with

1 the relationship we built and the partnership we
2 have had.

3 Now, I would hope that is the standard and, in
4 my mind, that is a high standard. And to a certain
5 extent, it is a leap of faith to assume that that
6 that will continue. But based on the commitments,
7 especially that Jim Brown has made and the fact
8 that he is continuing as the general manager of
9 Casino Aztar, along with some additional
10 responsibilities there is a heightened growing
11 level of confidence and comfort that this is going
12 to be a good relationship for the City of
13 Evansville.

14 So speaking solely to the issues that we can
15 measure, you know, we are cautiously supportive of
16 this partnership that can possibly come about
17 through the transfer of this license.

18 Now, again, that's only part of the picture.
19 The other issues are the suitability and financial
20 liability of this entire deal. Again, those are
21 the issues that the Commission can weigh in on. I
22 really don't have the ability, I don't have the
23 resources to provide any real objective opinion on
24 those matters.

25 Does that help?

1 CHAIRMAN BARRETT: Thank you, Mayor.

2 MAYOR WEINZAPFEL: Thank you.

3 CHAIRMAN BARRETT: Do any of the Commissioners
4 have any further questions?

5 COMMISSIONER WALSH: One question for
6 Mr. Fitzpatrick.

7 The senior subordinator notes that you are
8 going to issue with proposed, you say you are still
9 waiting for a credit rating?

10 MR. FITZPATRICK: Yes.

11 COMMISSIONER WALSH: If you can, what is it?

12 MR. FITZPATRICK: We are estimating it will be
13 at a B minus on those notes, senior subordinator
14 notes.

15 COMMISSIONER WALSH: Is that your only rated
16 fixed income -- you only rated that?

17 MR. FITZPATRICK: The term debt will also be
18 rated.

19 COMMISSIONER WALSH: Where does that come in?

20 MR. FITZPATRICK: It will be two notches above
21 that. Basically the way the rating agencies do it
22 is, they provide ratings for the senior debt and
23 then they automatically sign two notches below that
24 for the subdebt. So they actually rate the senior
25 debt first.

1 COMMISSIONER WALSH: So a B plus?

2 MR. FITZPATRICK: Yes.

3 DEPUTY DIRECTOR ARNOLD: Mr. Chair, may I add
4 something?

5 CHAIRMAN BARRETT: Yes.

6 DEPUTY DIRECTOR ARNOLD: Commissioners, as you
7 consider this I would like to point out that the
8 timing of this acquisition will coincide with the
9 renewal of the license for Evansville for Aztar.
10 As part of the investigation process, which is
11 required every three years, we do a survey and
12 examine how the community has been impacted, what
13 the casino has done for the community, charitable
14 giving, and things like that. Because of this
15 timing, we will be able to in three years have a
16 direct comparison of how Aztar did as compared to
17 how Wimar did. So I don't want you to have the
18 impression that we never go back and look at these
19 things. I know it will be three years that we
20 will, in fact, be able to compare the performance
21 and basically measure their performance.

22 CHAIRMAN BARRETT: Thank you.

23 Any further questions?

24 Executive Director, having gone through the
25 review and process, does the staff have a

1 recommendation?

2 EXECUTIVE DIRECTOR YELTON: We do. To begin
3 with, the investigative report that was prepared by
4 our background financial investigation, I will
5 go -- although I have no right to do so, I will
6 take it a step further, Mr. Vowels. The work that
7 was done by Joe Decpilar and Larry Bosnic I think
8 produced the best background investigation of the
9 history of the Commission. Although they are not
10 required to give an opinion, they were both asked
11 if they found anything in that investigation that
12 would adversely affect the suitability of this
13 application and they said they did not find such
14 evidence. It was reviewed by Jim Beebe and Garth
15 Brown, directors of our background financial
16 investigation, and they were asked the same
17 questions and gave the same answer.

18 You have before you, although confidentially,
19 a confidential record, the full report of
20 Dr. Charlene Sullivan, whose conclusion was a
21 recommendation that the application for transfer be
22 approved, and the financing program be approved
23 with certain contingencies. That was confirmed as
24 late as 1:55 or 12:45 this afternoon.

25 GENERAL COUNSEL SICUSO: 12:55.

1 EXECUTIVE DIRECTOR YELTON: And as a result of
2 the totality of all circumstances involved,
3 considering the Mayor's comments and questions and
4 answers given by the representatives of Wimar
5 Tahoe, it is a unanimous recommendation of your
6 executive staff for application for transfer be
7 approved.

8 CHAIRMAN BARRETT: Thank you, Executive
9 Director Yelton.

10 Any discussion among the commissioners?

11 COMMISSIONER VOWELS: Well, my thought is, as
12 you can tell from my discussion and my questions,
13 but more so discussion, is yesterday I went back to
14 the statute entitled 4-33 to reacquaint myself with
15 essentially the Indiana Gaming Commission's mission
16 statement. The Indiana legislature, of course,
17 created 11 licenses, and that is it. We have --
18 these companies in Indiana are protected until the
19 legislature decides to expand that. The flip side
20 of that has to be a regulated industry.

21 As I was driving up from Evansville I drove by
22 Gibson County and saw Toyota. As I was driving by
23 Toyota, which was about the same time as Aztar in
24 the mid-90s. If Honda wanted to move next door to
25 Toyota, no one would object. It would be great.

1 And Toyota would be protected from Honda moving
2 next do. Toyota actually creates something that
3 moves to the economic flow, casinos don't.

4 That is why the legislature, as I reviewed the
5 statute and looked at our mission statement, was --
6 essentially what we have to look at, among other
7 things, is the economic development, the taxes that
8 go to the State of Indiana, local communities.

9 As you heard when I was questioning Harrah's
10 and Caesar's situation, all of the things that they
11 did above and beyond what the statute required.
12 Competitive licensing application, which we do not
13 have here. I feel better with Jim Brown staying on
14 and Donna More being involved in this.

15 All I can go on, really, is the history here.
16 Mr. Yung is an extremely good businessman. He has
17 done quite well for himself and his family. He
18 should be proud and it's quite impressive.

19 There is a different word within gaming versus
20 other industries in that they have -- in our State
21 they give back a lot to the community to show their
22 good faith effort in being good corporate citizens
23 above and beyond what other industry has to do.
24 Because they don't make things and money gets
25 shuffled around. When we first began, in being

1 naive, I saw average. I thought everybody on the
2 boat wins. And then I realized, no, everone on the
3 boat loses. I have never seen a negative win
4 average. In other states where casinos have
5 failed, those are states that did not have
6 statutory limitations on the number of licenses.
7 That was probably the smartest thing our
8 legislature did in all of this was limit that, it
9 is protected, highly regulated.

10 I don't no enough here today to make an
11 intelligent decision. I feel behind the eight ball
12 once the license is transferred and I don't know --
13 there is not any legal reason, nobody involved here
14 has a felony, Dr. Sullivans report shows that it is
15 highly leveraged. If they can withstand some
16 catastrophe or not because it is so close as far as
17 money it makes and bills paid and high debt that is
18 not necessarily unusual in this industry. All of
19 those things give it the green light.

20 The yellow light -- and I'm not at a red light
21 and I don't know that I've ever been at a red
22 light, but the yellow light that I'm at is that
23 here today I need to see specific obligations of
24 what Mr. Yung talked about a 10-year commitment is
25 good.

1 There was someone in gaming no longer
2 associated with the State of Indiana that we dealt
3 with four years ago and we thought we were finished
4 and that situation keeps coming up because he has
5 found some i's that were not dotted and t's that
6 were not crossed. And we are a regulatory body now
7 more so than a licensing body. And I believe in
8 trust and verify.

9 And what I would propose to do, because I like
10 to see people so often, I saw you last week, and I
11 don't have a problem to see the Gaming Commission
12 in early December, is to allow Mr. Yung and
13 Ms. More and the others to meet with the people in
14 Evansville, the Mayor, et cetera, and get something
15 locked down on this. I don't know what would
16 happen with the boat and moat, coast guard or who
17 else has to be involved in that would not grant
18 permits and what is the alternative. I don't know
19 any of those things. I don't -- I'm not at a
20 comfort level, I'm at a yellow light. And I don't
21 want to be at a red light. And I can be at a green
22 light with a little more time. Once this gets
23 granted, unless we have our i's dotted and t's
24 crossed -- this isn't a cocktail party and these
25 are very smart people we are dealing with and they

1 didn't get very successful by not making sure all
2 of their i's are dotted and their t's are crossed.

3 So what I would like to do is have more time to
4 get all of the ducks in order and know exactly what
5 it is that we are dealing with. It is a leap of
6 faith but this is the business world and money is
7 the bottom line. And we need to know what is where
8 and where it is going to go. So what I would
9 propose is that we meet again within three weeks or
10 so, giving people an opportunity to talk, put the
11 stuff on paper, and make sure that we know just
12 exactly what the obligations are so no one can do
13 anything different after the license is granted.

14 CHAIRMAN BARRETT: Well, I will exercise the
15 question, Mr. Fitzpatrick, when is closing?

16 MR. FITZPATRICK: We believe at this point it
17 is probably going to be around the 17th or 18th of
18 December. Could be the 19th.

19 MS. MORE: Please correct me if I'm wrong, my
20 understanding is that we cannot go on the road show
21 until we receive all of the regulatory approvals.

22 CHAIRMAN BARRETT: That was my next question.
23 What is the effect on Aztar if this remains
24 pending?

25 MR. THAR: May I address?

1 CHAIRMAN BARRETT: Sure.

2 MR. THAR: I'm an attorney with Ice Miller and
3 we represent Aztar's interest with regard to
4 watching the merger. If my memory serves me
5 correctly, and I will stand corrected if I say
6 something wrong, under the terms of the merger
7 agreement, in the event the regulatory approval is
8 not received in Indiana, the terms of the merger
9 can go ahead. I will tell you in my discussions
10 with Aztar, I do not know that there is a plan B as
11 of today. If you chose not to move forward or give
12 regulatory approval, Indiana could find itself in a
13 situation where Columbia steps forward and says,
14 "We are going to go ahead with the transaction as
15 it is and we're not going to do anything with
16 regard to Aztar." If so, that creates a situation
17 where to what extent the corporate Aztar as we know
18 it would be in a position to responsively run
19 Evansville becomes questionable.

20 You have put at issue a certain amount of
21 financing because of the way the merger agreement
22 has been put together. Mr. Brown, who we know has
23 not committed with Columbia, he's in a position of
24 not knowing where he would actually end up. So
25 what we have is that we have a situation where

1 Aztar has done a substantial amount of due
2 diligence in determining of the groups that had
3 decided they wanted to acquire Aztar, which one
4 actually brings value that can be completed to the
5 shareholders and at what maximum value to determine
6 that Columbia did and that shareholder group and
7 approve this particular transaction. To delay, not
8 for a statutory reason and not for a financial
9 reason, we are not comfortable with the finances of
10 this transaction. Will put the financial community
11 in a bit of question as to what is going on as we
12 saw happen when the Commission had to slow down the
13 request of Resorts to acquire the Harrah's property
14 and that was changed from one Commission meeting to
15 another and that brought up issues within the
16 financial community as to what is actually going on
17 in the regulators mind and that would cause
18 speculation which will not -- for which we may
19 never get the right answer. We would just
20 speculate on it.

21 December 17th or 18th is the closing and
22 sometimes representing Aztar, Aztar would say,
23 "What is the action of least resistance that this
24 Commission could do and yet still feel comfortable
25 going ahead with this transaction." If you feel

1 like you have enough information to state
2 statutorily I can do this, I don't have a question
3 of suitability, and the financial analysis done by
4 Dr. Sullivan says this is a financial thing. And
5 it's all been hit upon by what has been said,
6 promises made and promises kept. Both Jim and
7 Donna have said that. The company stepped forward
8 and Aztar has watched and discussed that and local
9 counsel has been very very supportive to provide us
10 with information. They have kept Jim Brown and
11 they have brought Donna More on to say "We are a
12 company that realizes we are moving into a new
13 position. And as such, we are bringing new people
14 on to accomplish this. And we are going to step
15 forward and do it at a minimum of what's been told
16 to me, but I won't speak to them, what Aztar did.
17 We are going to try and do more. That is why we
18 have asked Jim to expand his role.

19 But as brought up by Deputy Director Arnold,
20 the Commission has always in the past continued to
21 examine what companies do through the Center of
22 Urban Policy and Environment and other groups.
23 It's fairly simple because I know the staff always
24 has conditions they put on them and this staff is
25 very bright and very energetic and has led this

1 Commission to a different level. It's very simple
2 for the Commission to say, "In 12 months we're
3 going to have the Commission do an update on you.
4 And if the Center of Urban Policy and Environment
5 has not determined that you have done at least what
6 you agreed to do in stepping into Aztar's shoes,
7 which is what every company that has applied to be
8 a transfer advocate agrees to do, then we are
9 seriously going to consider whether or not to take
10 this license away. But I would suggest from
11 Aztar's point of view to say now we don't know if
12 we're going to do it. It may put the Evansville
13 property in a position that right now no one knows
14 what will happen.

15 So if you are comfortable with the suitability,
16 comfortable with the financing, and you have all of
17 the creativity of this particular staff and their
18 excellence and expertise, it would much behoove
19 Aztar to move forward with this transaction, with
20 conditions, and we will look over your shoulders as
21 this Commission did for the first five years of
22 every licensee when they first got their license.
23 Say we are going to look over your shoulder just as
24 a matter of us doing our job. Not that we don't
25 trust you but we're going to channel it.

1 So from an Aztar point of view, since we have
2 no plan B at this point in time, and do not want to
3 get in a situation of saying, well, all is lost on
4 Evansville because Evansville has been a remarkable
5 property with one of the best, if not the best
6 corporate municipal relationships, let's continue
7 that and let's give these people an opportunity to
8 do what they say they can do. So from an Aztar
9 point of view, we would like to see this
10 transaction move forward.

11 We would ask the Commission, if you can see it,
12 all right, let's do it. Because as Jim pointed
13 out, there was a lot of criticism when Aztar was
14 picked and they have done a fabulous job. And
15 there is no reason that these people sitting in
16 front of you who have committed to doing the same
17 job will not do. So I would be glad to answer any
18 specific questions. I don't want to ramble because
19 it's getting late.

20 CHAIRMAN BARRETT: The local development that
21 you currently have with Evansville is being assumed
22 in total by the purchaser?

23 MR. BROWN: Yes. It is a legally binding
24 contract that is being assumed by Columbia
25 Entertainment.

1 CHAIRMAN BARRETT: That was renegotiated by
2 terms of your company within the last year or so;
3 is that correct?

4 MR. BROWN: Yes.

5 CHAIRMAN BARRETT: So it's been updated and the
6 buyer is going to assume the duties of the updated
7 contract?

8 MR. BROWN: Yes.

9 MS. MORE: Mr. Vowels, if I can just address
10 your point in terms of the vote. And Mr. Yung is
11 saying here today that his plans are here today to
12 go ahead and redesign the boat. I appreciate your
13 view that we will have more information in three
14 weeks. In a perfect world, maybe we will; and in
15 an imperfect world, I would say three weeks is not
16 a whole lot of time, especially with some of the
17 holidays thrown in. I don't want to throw together
18 a proposal for you for a new boat and what it's
19 going to be. But what I can say and with
20 Mr. Yung's blessing is that we will do a new boat
21 unless the Coast Guard and engineers tells us it's
22 unsafe. What it will look like and where it will
23 exactly be located, what we have to do from a
24 construction standpoint to do that, we need to
25 submit plans to staff and have them look at it and

1 sign off on their approval, but we will get that
2 done. If that helps you get from a yellow light
3 today to a green light. I hope it will. Because,
4 as I said, I don't want to throw something together
5 in a couple of week's time. I don't know that we
6 can get something together, getting the people to
7 be hired and experts that need to tell me about
8 this bend in the river, but I can give you our
9 assurance we do it unless someone tells us it's
10 unsafe.

11 COMMISSIONER VOWELS: That is 50 feet out and
12 50 feet in. Regardless of whether you can do that
13 or not, you can get the same new boat in the same
14 size and put it in the same place; right?

15 MS. MORE: I'm assuming we can get a new boat
16 and put it in the same place.

17 COMMISSIONER VOWELS: Okay. So what I want to
18 hear today is -- that bend in the river with the
19 margins that go through there, that was a huge deal
20 back then. There were a lot of people arguing
21 against the placement of that boat there. And then
22 100 feet from the low water north of 72 where
23 Kentucky begins. You can only go out so far before
24 you are in Kentucky and it is 100 feet from low
25 water --

1 MR. BROWN: We took the boat out so we are
2 safe. We would be building a solid wall around the
3 facility so it would be extremely safe when it was
4 done.

5 COMMISSIONER VOWELS: But I understand that
6 there you are contractually obligated to the local
7 development agreement and everything in a contract
8 that Aztar has signed with Wimar. My problem is
9 based on what I have seen as far as community
10 involvement and I know what Mr. Brown made and paid
11 general managers and it is a lot different, and I'm
12 not going to say here in public because all of that
13 is probably confidential and it is no one's
14 business. But if there were two or three other
15 applicants for license and Wimar came up and based
16 on what I have seen, I wouldn't give them much
17 consideration if there were other applicants. So
18 my concern is, I understand they are stuck and
19 obligated with local development, but it's the
20 other part of it.

21 And Jack, you talked about the commitment and
22 conditions, I don't know what those commitments and
23 conditions are to make as a condition of the
24 license transfer. So that is where I am.

25 You talked about suitability and perhaps I

1 misspoke. I'm at the yellow light on suitability
2 based upon the character and reputation of the
3 applicant. I understand he doesn't have a felony,
4 he has Dr. Sullivan and sufficient funds lined up
5 to achieve the purchase here, but I'm not at a very
6 100 percent feel good level on suitability based on
7 the history of Wimar. So that is where I am. I
8 want to see definite commitments that could be --
9 the license can be conditioning upon. And that's
10 why I propose that we give this a little time so we
11 can do all of that.

12 CHAIRMAN BARRETT: Thank you.

13 At this point I'm going to call on counsel,
14 Phil Sicuso, to explain the resolution and the
15 order.

16 GENERAL COUNSEL SICUSO: Sure, Mr. Chair.

17 Earlier recommendation referring to drafting
18 the order No. 2006-102. The draft that was handed
19 to you this morning, due to the 12:55 changes we
20 discussed, Dr. Sullivan needs to be amended
21 somewhat. But I will go through a general
22 description of what the order purports to do and
23 try to explain how it needs to be changed from what
24 you have in front of you.

25 Generally, the order will do three things. The

1 first thing it will do is authorize the application
2 from Wimar Tahoe to acquire ownership interest in
3 Aztar Indiana. And, therefore, take over Aztar
4 Indiana's license. The license will remain with
5 Aztar Indiana.

6 The second thing it will do is approve the
7 proposed financing package and it will also waive
8 the rule that is traditionally required whenever
9 the Gaming Commission approves a debt transaction.
10 To separate that out to first the transfer aspect
11 of the order and try to remunerate a few of the
12 conditions there that are already in the draft.
13 The first would be the successful closing of the
14 proposed financial package, the second would be the
15 continuation of the 1 million dollars statutory
16 bond that Aztar holds currently, and the third
17 would be the general boilerplate provision that we
18 have on the transfer which relates to the
19 applicant's continuing responsibilities to abide by
20 all laws, regulations and dictates that might apply
21 to either transfer of the license, the merger, and
22 the continued operations of the riverboat in
23 Indiana and Evansville.

24 The second set of conditions that are
25 enumerated in the transfer are in the order

1 referencing the financing. There are five
2 conditions there. The first would be the provision
3 that Dr. Sullivan proposed to change and amend her
4 final recommendation. She still does recommend
5 approval of the financing package, but the wording
6 would be that unless granted prior written approval
7 from the executive director, one must not exceed a
8 long-term debt to equity ratio of 5.5 times until
9 the Commission's second quarter business meeting in
10 2007, at which time that ratio could be revisited.

11 CHAIRMAN BARRETT: As to which debt is that?

12 GENERAL COUNSEL SICUSO: All of one proposed
13 debt. The detail there that might be of assistance
14 to you is that -- I think maybe Mr. Fitzpatrick can
15 speak to this, but I think it was in that time that
16 the Cruthersville property may be sold and proceeds
17 of that sale would be contributed to equity, which
18 might make that ration down to the level that he
19 initially proposed.

20 MR. FITZPATRICK: Actually, that is one of the
21 factors but there was a misunderstanding. When
22 Dr. Sullivan and I were working on this Sunday
23 evening as to the amount of the equity being
24 contributed into the transaction and, the numbers
25 that she came to in doing the computation were

1 incorrect.

2 COMMISSIONER MURPHY: What were those numbers?

3 MR. FITZPATRICK: We have a total of equity --
4 equity is somewhere -- depending on where the fence
5 is finishing out, somewhere between 560 million
6 dollars of equity -- in historical based equity in
7 our balance sheet. The numbers she was using in
8 her computation were 768 million dollars instead of
9 that lower range.

10 COMMISSIONER VOWELS: How did she end up with
11 the wrong number?

12 MR. FITZPATRICK: It was not her fault
13 whatsoever. We were scrambling to get information
14 to her, we weren't complete with our audit work
15 yet, our report has had inconsistency in it which
16 we corrected late last night, which we caught. As
17 I walked her through the parts on Sunday, they did
18 not add up to that 768 and we clarified that today
19 and we got comfortable to where that number will
20 actually fall.

21 COMMISSIONER MURPHY: Did you clarify that with
22 Dr. Sullivan?

23 MR. FITZPATRICK: With Dr. Sullivan, yes, we
24 did.

25 GENERAL COUNSEL SICUSO: She was on a

1 conference call with me and Mr. Fitzpatrick and
2 counsel after our executive session. I went to
3 talk to her and we had a conference call all
4 together and this was discussed. She recommends a
5 temporary approval of a higher ratio at this time.
6 We expect that to be lowered in the seventh quarter
7 next year.

8 COMMISSIONER VOWELS: The ratio that you were
9 talking about, the 4.4?

10 GENERAL COUNSEL SICUSO: Yes.

11 COMMISSIONER MURPHY: But that was only on
12 senior security?

13 GENERAL COUNSEL SICUSO: Yes.

14 COMMISSIONER MURPHY: One more question. The
15 number that I remember Dr. Sullivan talking about
16 as far as a reserve, is what she called it, which
17 is synonymous with equity, how does that tie into
18 the number?

19 MR. FITZPATRICK: Well, there is 313 million
20 dollars that we've already put into deposit.

21 COMMISSIONER MURPHY: So that's still there?

22 MR. FITZPATRICK: That's still there, correct.
23 It's just an accumulation of the historical cost
24 basis and the contributing assets, plus that 313,
25 plus the other factors and the margins that would

1 be in there that would accumulate to that range of
2 560 to 660.

3 GENERAL COUNSEL SICUSO: The second condition
4 on the financing approval that Wimar provided is
5 quarterly financial statements to the Commission
6 staff and Dr. Sullivan so we can monitor all types
7 of relevant and material ratios.

8 The third requirement would be that the
9 provisions of the financing package must not
10 materially differ from any of the terms presented
11 by Wimar to Dr. Sullivan or staff to date. That
12 would include things like what was discussed in our
13 conference call this morning, ranges for our
14 proposed interest rates and other material aspects
15 of the finance. There are several pages of
16 paperwork, in addition to conference calls, that we
17 have had that we can document about what has been
18 proposed.

19 The fourth condition is that Wimar must provide
20 all of the information that is outlined and
21 contemplated in 68 IAC 5-3-2, which includes
22 relevant portions of final executed closing
23 documents and that would undergo a final review by
24 Commission staff and Dr. Sullivan to assure the
25 material is compliant with everything that's been

1 proposed.

2 The last condition would be the terms of the
3 final financing document must contain language
4 which insures the riverboat license or any interest
5 in it cannot be borrowed against in any way, which
6 would satisfy the statutory requirement of those
7 aspects. And I've already received a letter from
8 counsel indicating that they have reviewed those
9 documents, assuring us that the draft form is at
10 least compliant with that provision.

11 With those conditions, we would recommend
12 approval of order 2006-102 and needs to be amended
13 as we discussed.

14 COMMISSION MURPHY: Repeat number one for me,
15 please.

16 GENERAL COUNSEL SICUSO: Sure. Unless granted
17 prior written approval from the executive director,
18 Wimar also must not exceed any long-term debt to
19 equity ratio of 5.5 times until the Commission's
20 second quarter business meeting in 2007, at which
21 time the ratio will be reconsidered by the
22 Commission.

23 CHAIRMAN BARRETT: Phill our licensees are
24 always subject to our jurisdiction and review at
25 any time, but we could add a condition that would

1 specifically subject a licensee to an annual review
2 rather than three triangle review on comparison of
3 Aztar --

4 GENERAL COUNSEL SICUSO: Well, we do an annual
5 review, anyway, just not as in-depth. Every year
6 they come before us for an annual review. So we
7 would have to pay an outside entity, really, to do
8 an in-depth analysis of what we do with the
9 community. We can do that, and that would be a
10 part of the considering for the annual review.

11 CHAIRMAN BARRETT: Right. But the question I
12 am really asking, is the three-year review done in
13 a year snapshot and a valid comparison or not?

14 DEPUTY DIRECTOR ARNOLD: I would respond that I
15 think they have competitive issues because French
16 Lick is just now opening up. So I'm not quite sure
17 a year would give us a good answer, perhaps two
18 years.

19 CHAIRMAN BARRETT: Any of the other
20 Commissioners have questions for the counsel or
21 Deputy Director Arnold?

22 GENERAL COUNSEL SICUSO: That type of provision
23 about having an in-depth analysis probably isn't a
24 condition that needs to be in an order. It's
25 something that we can just do.

1 CHAIRMAN BARRETT: There is a difference
2 between knowing it can be done and knowing it will
3 be done.

4 GENERAL COUNSEL SICUSO: Absolutely.

5 COMMISSIONER VOWELS: What about the other
6 commitments and this and that that we have heard
7 corporate giving and sponsorship and 10-year
8 commitment and this and that? Should we have a
9 laundry list of those things and any approval?

10 EXECUTIVE DIRECTOR YELTON: We have never done
11 that in the past and it would not be the
12 recommendation of the staff that we do it in this
13 instance. As I indicated to you earlier, those
14 terms of that were included in Louisiana, all were
15 pattern terms; is that correct, Jim?

16 MR. YUNG: Yes.

17 EXECUTIVE DIRECTOR YELTON: I don't see there
18 is any difference in the ability of a Commission to
19 add whether or not it is a condition of the
20 license; or if you determine it to be an issue of
21 suitability, whether it is part of the resolution
22 or not.

23 DEPUTY DIRECTOR ARNOLD: Commissioner Vowels, I
24 would offer that if you are suggesting to look at
25 charitable donations and things that are done

1 voluntarily in the community by this licensee, that
2 would be a considerably easier task for the staff
3 to accomplish within a year. What I was referring
4 to is the broad review we do every three years. I
5 don't think we can reach good conclusions based on
6 that. But if you are speaking of local development
7 agreement issues, we could probably conduct that
8 review in a year and get a good answer as to
9 whether or not they have done what they have
10 alleged to do.

11 MS. MORE: And if I can just add something; to
12 the extent it helps the staff to have a quarterly
13 report on what we are doing so you can keep the
14 commissioners updated, we can provide information
15 to you on whatever timetable.

16 COMMISSIONER VOWELS: I would like to make a
17 motion, if I could, which is obviously what I have
18 been saying. I would like to get it out there. I
19 would move that we table this until the earliest
20 possible gaming meeting, where we can meet
21 hopefully in early December.

22 CHAIRMAN BARRETT: That is a subsidiary motion
23 questions for the board but it is one that would be
24 answered before the resolution of the main
25 question. So there has been a motion to table or

1 postpone indefinitely, we don't have a date
2 certain, postpone indefinitely the consideration
3 before the Commission today. Is there a second?
4 Is there a second? No second.

5 Call again for a second. No second. Motion
6 fails for second. Proceed to main motion.

7 Call for a motion on the request to approve the
8 application of Wimar to acquire Aztar Gaming
9 Company, LLC, as laid out in order 2006-102 as
10 amended by Counsel Phil Sicuso's discussion.

11 COMMISSIONER SWIHART: Move to accept as
12 amended.

13 COMMISSIONER WALSH: I will second the motion.

14 CHAIRMAN BARRETT: Move to accept by
15 Commissioner Swihart and seconded by Commissioner
16 Walsh. I will call for a voice vote.
17 Commissioner Walsh?

18 COMMISSIONER WALSH: Yes.

19 CHAIRMAN BARRETT: Commissioner Swihart?

20 COMMISSIONER SWIHART: Yes.

21 CHAIRMAN BARRETT: Commission Vowels?

22 COMMISSIONER VOWELS: No.

23 CHAIRMAN BARRETT: Commissioner Murphy?

24 COMMISSIONER MURPHY: Yes.

25 CHAIRMAN BARRETT: The chair says yes.

1 Okay. Motion carriers four to one, the order
2 is approved. Thank you.

3 EXECUTIVE DIRECTOR YELTON: Last May I directed
4 Garth Brown, our background and financial
5 investigation to research certain allegations
6 presented to the Commission by the principals of
7 Blue Sky. They have now concluded their
8 investigation and they are ready to make their
9 report public to the Members of the Commission and
10 Mr. Beebe will at this time give you their
11 findings.

12 JAMES BEEBE: Thank you, Executive Director,
13 Mr. Chairman, Commissioners and staff.

14 On May 19, 2006, by law filed a confidential
15 notice of dispute and from both sides of the
16 dispute Lauth and Cook. Had filed subsequent
17 notices responses and complaints, et cetera, and
18 each was reviewed and investigated. First, that
19 Lauth and Cook cooperated fully in the
20 investigation. And we continue to monitor the
21 dispute and investigate when necessary.

22 For the law side, there were five main
23 allegations and I will address each one.

24 First one, Orange County holdings has been
25 allowing William Cook to exercise control of the

1 one's holdings.

2 Make key operating system for Blue Sky Resorts
3 and Blue Sky Casino.

4 Exercise control over Blue Sky Resorts and Blue
5 Sky Casino.

6 Exercise control over construction and
7 operation of the project, including interviewing
8 and hiring employees using to promote the GM
9 demanding a logo change in selecting and improving
10 all interior designs of the casino.

11 Our findings are, in terms of the Commission,
12 there was insufficient evidence discovered that
13 William Cook was controlling Orange County holdings
14 through Carl Cook. There was insufficient evidence
15 discovered that William Cook was making key
16 decisions regarding Blue Sky Resorts and Blue Sky
17 Casino that would require licensure. There was
18 insufficient evidence to discover that William Cook
19 was exercising inappropriate control of Blue Sky
20 Resorts and Casino. And also there was
21 insufficient evidence to discover that William Cook
22 exercised inappropriate control over the overall
23 construction of the project itself.

24 The second allegation from the law side is that
25 the project will not be completed on time, not by

1 the 12/30/06 deadline, and the casino is now open.

2 The third allegation is that the hotel is over
3 budget. And our findings are, depending on which
4 side is asked, the hotel is between 16 and 25
5 million dollars over budget and it's not clear who
6 would be financially obligated for the overtures.

7 The fourth allegation is that there were
8 numerous allegations stating the companies hired by
9 Cook for construction are incompetent and our
10 findings is that the casino was built, so they
11 aren't.

12 Cook is adding a fifth one -- Cook is adding
13 things to the project that are not in the original
14 plan or budget. And our findings are that there
15 are hundreds of change orders to the original plan
16 and the budget for the hotel. However, the hotel
17 casino is now built.

18 In terms of Cooks allegations against Lauth,
19 there was mainly one and that was that the FFNE
20 furniture, fixtures and equipment revolving around
21 a credit was not replaced by the 4/15 deadline.
22 The findings are that it was not closed by the 4/15
23 deadline. During the investigation, this issue of
24 litigation was initiated in the Orange Superior
25 Court. Upon direction of our executive director,

1 the investigation was suspended and the
2 determination of this allegation was deferred to
3 the judicial process.

4 Are there any questions?

5 EXECUTIVE DIRECTOR YELTON: Mr. Chair and
6 Members of the Commission, I may add to that last
7 allegation and finding that it should be noted for
8 the record that on October 30th, the arbitrators
9 ruled by a two to one margin or vote that each
10 principal owned 50 percent of the stock of Blue Sky
11 Resorts, LLC.

12 COMMISSIONER VOWELS: As far as the
13 arbitrator -- was that an arbitration? Do we know?

14 EXECUTIVE DIRECTOR YELTON: It's appealable.
15 The one request we did make of the principals,
16 which they agreed, is that they provide us on
17 October 30th with an enforceable order, not
18 necessarily a final order, and could be a judicial
19 order or an order from the arbitrators, but we did
20 not feel appropriate to curtail either side's right
21 to a legal appeal of that. That is something that
22 they agree we would use as full force effect of the
23 law as far as the Commission's decision made.

24 COMMISSIONER VOWELS: To the trial court or do
25 you know?

1 EXECUTIVE DIRECTOR YELTON: It's my
2 understanding it's appealable to the Appellate
3 Court.

4 GENERAL COUNSEL SICUSO: Delaware.

5 CHAIRMAN BARRETT: Is it appealable to Noble or
6 discretion?

7 GENERAL COUNSEL SICUSO: Mr. Broker, are you
8 still here? Can you answer that question?

9 MR. BROKER: It's a subject of much discussion.

10 EXECUTIVE DIRECTOR YELTON: There are probably
11 two different opinions on that.

12 CHAIRMAN BARRETT: Sorry I asked. Thank you.
13 Executive Director Yelton has a report on the
14 new opening of French Lick?

15 EXECUTIVE DIRECTOR YELTON: Yes, I would like
16 to report that on October 31st, French Lick Resort
17 Casino conducted a ceremony opening of Indiana's
18 11th and last riverboat casino. I want the record
19 to reflect that all five Commissioners were present
20 and in attendance that day. The boat was open for
21 gaming from 10:00 in the morning until midnight
22 that night. Executive staff, our audit section,
23 our compliance and legal sections, plus four other
24 staff volunteers were present to observe and
25 document the performance of Chris Leininger and his

1 management team staff to comply with Indiana
2 statutes, Commission regulations, and internal boat
3 controls.

4 By a unanimous agreement of the entire staff
5 that was present during that proceedings at 5:30
6 p.m. on November 1st, I gave them approval to open
7 the Gaming Commissions to the public and they
8 opened their doors at 8:00 a.m. on Friday, November
9 3rd. And I have asked Chris to present to you an
10 overview of what has happened in French Lick since
11 the opening.

12 Chris.

13 CHRIS LEININGER: Good afternoon. My name is
14 Chris Leininger, I am the casino general manager
15 for the French Lick project. Many of you were down
16 and took part in our inauguration and opening and
17 evaluation period. I have included a video montage
18 of what the facility looks like. I think the most
19 interesting are those that compare the hotel
20 facility to its prior generation and the commitment
21 that we made to restore it to the grandeur and
22 opulence that it had some 60 to 80 years ago. I
23 think you will find those slides show with a great
24 deal of confidence that we have done that in almost
25 every example. The other pictures are appropriate

1 to the casino setting, what we have created. What
2 we feel is unlike any other in the Indiana market.

3 We opened our doors to the public on Friday at
4 8:00 a.m. We have enjoyed a healthy business
5 volume since that point. We have, from a matter of
6 course, not published any attendance records or
7 revenue figures but of some substantial indication
8 of the draw that our facility has nationally during
9 our first weekend's activities, our database
10 recorded a record from 40 states in the country of
11 addresses of patrons that have come into our
12 facility.

13 We are extremely proud of what the team has
14 accomplished. It would go without saying that the
15 achievement that we were able to do from the
16 original timeline of opening by December 31st to
17 our ambitious goal of the October 31st date was, in
18 large part, accomplished through Executive Director
19 Ernest Yelton and his team's cooperative effort and
20 professionalism and sense of urgency that on every
21 occasion allowed us to work diligently towards the
22 finalization of the capability to operate the
23 facility. And I wanted to formally recognize that
24 in this form because simply we wouldn't have gotten
25 this accomplished in the time frame without that

1 level of cooperation.

2 In terms of our actual operational experience,
3 as any new organization goes through, there are a
4 number of procedural refinements we are making.
5 There are a number of system adjustments. We were,
6 perhaps, the most technologically sophisticated
7 opening in the State, with a comprehensive digital
8 surveillance system and a slot accounting system
9 that for the first time in opening involved nothing
10 but use of a ticket redemption process. There is
11 no tokens in our facility at this time.

12 Through all of those generative systems that we
13 have brought on-line, we have been capable to
14 operate and comply with the expectations of the
15 Commission and we are working on refinements to
16 improve our guest service and enhance our ability
17 to grow in terms of the level of service, as well
18 as the information that we were able to pull from
19 those systems.

20 We, as a course of our opening, have 1,300
21 employees, 703 of them are from Orange County, and
22 we continue to work and develop and grow in the
23 community. It is safe to say, based on Friday's
24 activities, that the revitalization of that county
25 has begun.

1 So if there are any questions, I would be happy
2 to answer them at this time. Thank you.

3 COMMISSIONER VOWELS: I'm all questioned out or
4 I would have said something.

5 CHRIS LEININGER: I thank you for that.

6 CHAIRMAN BARRETT: That brings us to other
7 business, Commissioner Swihart?

8 COMMISSIONER SWIHART: Yes. I think the
9 Commissioners really want to give a well done to
10 our staff down in French Lick. A lot of people do
11 not realize the effort and time put in. And we ask
12 Executive Director Yelton to take back to the
13 troops they did an excellent job.

14 EXECUTIVE DIRECTOR YELTON: Thank you.

15 CHAIRMAN BARRETT: All in favor?

16 (COMMISSION MEMBERS VOTED AYE)

17 CHAIRMAN BARRETT: Any additional business to
18 come before the meeting?

19 Executive Director Yelton, when is our next
20 meeting?

21 EXECUTIVE DIRECTOR YELTON: We will
22 tentatively schedule the first quarter meeting of
23 2007, March 22nd at 1:00 p.m., location to be
24 announced, to be determined. I would ask the
25 Commissioners to check their schedules once they

1 get home to see if that is a conflict with spring
2 break or any other conflict so if we need to change
3 it, we can change it promptly and not at the last
4 moment.

5 CHAIRMAN BARRETT: Okay. Thank you.

6 There being no other business, we are
7 adjourned. Thank you.

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STATE OF INDIANA)

) SS:

COUNTY OF MARION)

I, Robin L. Helton, a Notary Public in and for said county and state, do hereby certify that the Gaming Commission Business Meeting, November 9, 2006, at 1:00 p.m., was taken down in stenograph notes and afterwards reduced to typewriting under my direction, and that the typewritten transcript is a true record of the proceedings held.

IN WITNESS WHEREFORE, I have hereunto set my hand and affixed my notarial seal this 27th day of November, 2006.

Robin L. Helton, Notary Public,
Residing in Marion County, Indiana

My Commission Expires:
June 6, 2009