

ORIGINAL

THE INDIANA GAMING COMMISSION
BUSINESS MEETING

November 8, 2007

BE IT REMEMBERED that the following proceedings were had before me, NANCY L. CEGLAREK, a duly qualified stenotype reporter and duly commissioned officer of the State of Indiana, on Thursday, November 8, 2007, at Resorts East Chicago, Rio Ballroom, 777 Resorts Boulevard, East Chicago, Indiana, and commencing at the hour of 1:00 p.m.

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A P P E A R A N C E S

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WILLIAM BARRETT, Chairman
TIM MURPHY, Vice Chairman
ERNEST YELTON, Executive Director
MARC FINE, Commissioner
TIM WALSH, Commissioner
TOM SWIHART, Commissioner
MARY SHY, Commissioner
PHIL SICUSO, General Counsel
JENNIFER ARNOLD, Deputy Director
TAMARA TIMBERMAN, Secretary

1 MR. BARRETT: Good afternoon, I call the Indiana
2 Gaming Commission to order. As Chairman I'm happy to
3 report today a new commissioner joining us, and I will at
4 the outset turn the meeting over to Executive Director
5 Yelton to introduce him to us.

6 MR. YELTON: Thank you. Mr. Chairman and Members of
7 the Commission, I am pleased to announce that Governor
8 Daniels has now made his last appointment to the Indiana
9 Gaming Commission, and this afternoon we welcome Marc D.
10 Fine from Evansville, Indiana. He was a founder and
11 partner of the law firm of Rudolph Fine Porter & Johnson,
12 LLP. Marc is a 1981 graduate of the Indiana University
13 School of Business with a B.S. with distinction in finance.

14 In 1984 he graduated from the University of Illinois
15 College of Law. He is one of the founders of the American
16 Community Bank Corp and the Bank of Evansville where he is
17 a member of the board of directors and is also corporate
18 account attorney and secretary.

19 So please join me in welcoming Marc aboard the Indiana
20 Gaming Commission.

21 MR. BARRETT: Thank you, Executive Director Yelton. We
22 will now -- before we take the roll, I'd like to
23 acknowledge, yesterday five of the Commissioners were able
24 to take a tour of all of the Lake Michigan properties, and
25 we had a most informative time, and we appreciate very much

1 the hospitality that all our licensees showed to us. We
2 enjoyed the day very much, again, very informative, and
3 thank you for having us.

4 With that we'll take the roll. Commissioner Murphy.

5 MR. MURPHY: Present.

6 MR. BARRETT: Commissioner Swihart.

7 MR. SWIHART: Present.

8 MR. BARRETT: Commissioner Walsh.

9 MR. WALSH: Here.

10 MR. BARRETT: Commissioner Free. Commissioner Fine.

11 MR. FINE: Here.

12 MR. BARRETT: Commissioner Shy.

13 MS. SHY: Present.

14 MR. BARRETT: Commissioners, you've all received a
15 copy of the minutes -- the proposed minutes from the last
16 meeting. Are there any questions? The Chair will
17 entertain a call for the approval.

18 MR. SWIHART: Move to approve.

19 MR. MURPHY: I second.

20 MR. BARRETT: Moved and seconded to approve the
21 minutes from the meeting in September. All in favor?

22 (Ayes all -- nays none.)

23 MR. BARRETT: Next we'll have the report of the
24 executive director.

25 MR. YELTON: Thank you. Mr. Chairman, Members of the

1 Commission, I'll begin the executive director's report this
2 afternoon with a report on some of our divisions. The
3 enforcement division is making final preparations for the
4 six gaming agents academy which will begin in Plainfield on
5 Monday, January the 15th. The class will consist of agents
6 from both horse racing tracks plus replacements for
7 vacancies on all the boats. There'll be 31 men and women
8 in attendance, and graduation is scheduled for March the
9 5th which allows sufficient time for them to assist both
10 Hoosier Park and Indiana Downs in preopening procedures.

11 Veteran agents will be promoted to supervisors at the
12 tracks for experience purposes and a third assistant
13 director will be created with all three assistant directors
14 jurisdictions restructured.

15 Since our last meeting the investigation division has
16 encountered some turnover. Jill Klause has submit her
17 resignation to assist her husband in starting a catering
18 enterprise, and Glen Loyd had been appointed as a director
19 of financial investigations. Glen is one of the few here,
20 and I'll ask Glen to stand and be recognized.

21 Thank you, Glen.

22 This week we've announced that Jamie Via from audit
23 will be replacing Glen, and Ron McLean from legal will be
24 assuming Jill's position. We also welcome Mark Cozener as
25 a background investigator after his career in probation

1 which included nine years as a federal probation office.

2 For staff support Mary Graham has been hired as
3 secretary for the division. We will be introducing these
4 people in person at our next meeting in Indianapolis.
5 These men and women have been occupied with completing two
6 riverboat reinvestigations, two private equity purchases,
7 both casino applications along with the affiliated
8 principles therein plus their general daily activities.

9 A team from the investigations unit just returned from
10 Italy following a key person interviewing and site visit
11 with Lottomatica which has recently -- is in the process of
12 purchasing a major supplier, GTECH.

13 The charity gaming division has been diligently
14 working to education its client base on the statutory
15 changes from House Enrolled Act 1510 and the new emergency
16 rules. It has partnered with several legislators
17 throughout the state to establish meetings which would
18 allow not-for-profit as well as for profits to network with
19 the IGC representatives to discuss law, rule, and form
20 changes. Sessions have already been conducted in North
21 Manchester, Fort Wayne, Gosport, Noblesville, Evansville,
22 and Greencastle. Educational seminars began October 25th
23 in Valparaiso and are continuing to the end of the year
24 throughout the entire state.

25 The last two months 290 single event applications were

1 processed and issued, 96 nonlicense event notifications
2 were processed, and 212 annual licenses were approved.
3 Among that group was the Indianapolis Colts Foundation, and
4 you may have heard it's Quest for the Ring Contest.
5 Unfortunately commission members by law are unable to buy a
6 ticket that would entitle them to a chance of acquiring or
7 attending, a Superbowl ring, so we are bracing ourselves
8 for a mass exodus of our staff in order to have a chance at
9 a ring.

10 As for our litigation update, in August of 2006 Thomas
11 Donovan was evicted from Grand Victoria Casino by its
12 personnel as an undesirable person because he was believed
13 to be counting cards at blackjack. In May of this year he
14 requested by counsel a formal hearing from the commission
15 in order to have his status reinstated. Our legal
16 department concluded that he was not evicted nor excluded
17 by commission action and therefore was not entitled to a
18 hearing under any statute or any rule.

19 In September Mr. Donovan filed a complaint for
20 declaratory judgment requesting an order requiring the
21 commission to conduct a hearing before an administrative
22 law judge for reinstatement at the casino. The attorney
23 general has entered his appearance on our behalf and has
24 filed a motion to dismiss which has yet to be ruled on.

25 The request for preliminary injunction filed by East

1 Chicago Foundations and against the city was heard by Judge
2 Reed in Marion County on October the 18th. The parties
3 have until tomorrow to file a proposed findings of facts
4 and conclusions of law and accordingly the judge has yet to
5 issue a ruling on the application. But the preliminary
6 injunction was converted into a hearing for a final and
7 permanent injunction.

8 A brief update on the tracks. There's been daily
9 progress in the slot parlors for both the horse racing
10 tracks. Last Tuesday both Hoosier Park and Indiana Downs
11 submitted their 150 million dollar license fee. We
12 requested that the fee be wired one day earlier than really
13 was necessary in order for the state's treasurer to
14 transmit funds to the individual counties for the property
15 tax rebate.

16 Hoosier Park has held its ground breaking ceremony and
17 its application for licensure together with several BD1'S
18 have been filed. Last Monday I believe, Garth, we did
19 receive the application for licensure from Indiana Downs
20 together with another BD1. We anticipate receiving a
21 preliminary plan -- site plan from Indiana Downs in the
22 near future for preliminary approval by the commission.
23 Both tracks have successfully closed their financing and
24 are fully funded for their projects.

25 As to the Aztar investigation, as we indicated at the

1 last meeting interviews with Mr. Young, Ms. Moore, and Mr.
2 Preston from Aztar were conducted on October the 25th. At
3 that time we believe the investigation was complete and the
4 final report was in the process of being drafted; however,
5 new events have surfaced last week that require additional
6 investigation by our staff, and accordingly neither the
7 investigations nor the report are final.

8 Finally we have a few waivers, as a matter a fact
9 fewer than we normally have, to report since our last
10 meeting. All licensees were granted relief from completing
11 the currency transaction report on a manual paid jackpot
12 over \$10,000.00 due to an updated federal regulation.
13 French Lick was granted a waiver to utilize a computer
14 system recording only the names of the occupational
15 licensees when imputing an MTL transaction. Grand Victoria
16 was granted a waiver allowing storage of records at an
17 off-site facility in Cincinnati, Ohio. And finally Argosy
18 was granted a waiver allowing forms for manually played
19 jackpots and table game fills and credits to be in two
20 parts rather than three.

21 And with that, Mr. Chairman and Members of the
22 Commission, the Executive Director's Report is complete.

23 MR. BARRETT: Thank you, sir. Is there any old
24 business?

25 MR. YELTON: No, Mr. Director, there is not.

1 MR. BARRETT: Next we will hear the report from
2 Colonel Larry Rawlings. He's the Director of the Gaming
3 Control Division.

4 MR. RAWLINGS: Commissioners, Executive Director
5 Yelton, and Executive Staff, the Gaming Control Division as
6 we all know was founded according to House Bill 1510 which
7 became July 1st, 2007. We started with a ground zero
8 basically and we hired 16 officers. They're all
9 experienced police officers. We wanted experienced police
10 officers to avoid having to send them to ILEA and thus
11 increase our time actually getting into operation.

12 We've got officers from ISP -- from the State Police,
13 county sheriff's departments, and city police departments,
14 so we have a very good mix.

15 Our training was conducted in-house and started on
16 August the 27th which is when the officers were hired. We
17 completed that training on July 7th and concluded that
18 training with GLI on the electronic gaming devices. We've
19 currently in our investigations -- since we've completed
20 our training in our investigations we've seized as of -- it
21 was 235; it went up to 241 -- as of yesterday 241
22 electronic gaming devices, and 13 partial electronic gaming
23 devices, 16 boxes of illegal components, and nearly
24 \$6,000.00 in cash. That \$6,000.00 in cash is placed into
25 safety deposit boxes, and pending trial then, that money

1 can be forwarded to the gaming commission for expenses
2 incurred during an ongoing investigations.

3 We visited -- these investigations have taken us to 16
4 different towns throughout the state and 21 locations.
5 We've had criminal charges filed -- six criminal charges
6 filed, four felonies, two infractions, and anticipate
7 additional charges to be filed as the prosecutors decide
8 what they wish to do on these.

9 Fourteen locations that we've gone to have had retail
10 license, retail merchant certificate. And so that's one of
11 the other avenues that we have in our -- that the House
12 Bill 1510 gave us as far as enforcement of this. So if the
13 prosecutors choose not to file criminal charges then we're
14 looking at possible administrative action through the
15 License Control Division.

16 We've also established an 800 tip line so -- to report
17 illegal gambling and that's posted on the website.

18 MR. WALSH: Is that up and running now?

19 MR. RAWLINGS: Yes, it is.

20 MR. WALSH: How many calls have you got, out of
21 curiosity?

22 MR. RAWLINGS: It's only been in operation since last
23 Friday I believe, so I haven't had an opportunity to check
24 to see how many calls we've received on that yet.

25 We're also -- as Executive Director Yelton mentioned,

1 we're working with charity gaming. We're going out with
2 them on these seminars to educate the public as far as the
3 law changes in the illegal gambling arena because we want
4 voluntary compliance; that's our goal. Our goal is to get
5 voluntary compliance so we can help them get the message
6 out; then voluntarily compliance will improve. And in fact
7 we feel that has been successful; we're hearing a lot of
8 feedback from various organizations saying that they have
9 (inaudible) poker machines.

10 And lastly what I'd like to do is I'd like to thank
11 some other agencies, because without them we could not
12 possibly have been up and running as quickly as what we
13 did. The department of corrections has been an outstanding
14 partner. They're providing us with storage locations for
15 the items we seize; they're helping us with transportation;
16 and they've even provided prison crews to come in when
17 there's been an exorbitant amount of machines to help us
18 load those machines up.

19 The department of administration is also instrumental
20 in helping us to get our equipment. And then we worked
21 with the bureau of motor vehicles in getting licenses for
22 folks. And then of course lastly -- and I'll tip my hat to
23 the gaming commission -- because the staff of the gaming
24 commission has bent over backwards and worked very hard and
25 worked with us very well in getting the division up and

1 running.

2 And so with that if there's any questions I'm free to
3 answer.

4 MR. BARRETT: Any questions? Thank you, sir.

5 MR. RAWLINGS: Thank you, sir.

6 MR. BARRETT: Next we have 11 voluntary e xclusions on
7 the docket, Ms. Bunton.

8 MS. BUNTON: Good afternoon. You have before you 11
9 orders regarding voluntary exclusion programs. Pursuant to
10 the rules of the program identities of voluntary exclusion
11 program participants must remain confidential. Pursuant to
12 68 IAC 6-3-2(g), a participant in the program agrees that
13 if he or she violates the terms of the program and enters
14 the gaming area of a facility under the jurisdiction of the
15 Commission they will forfeit any jackpot or thing of value
16 won as a result of a wager.

17 Order numbers 2007-96 through 106 a total sum of
18 \$36,636,70.00 was forfeited by John Does #25 through 35.
19 These monies were collected at Argosy, Blue Chip, Caesars,
20 French Lick, Majestic Star, and Resorts. These winnings
21 were withheld as required by Commission regulations.
22 Commission staff recommends that you approve these winnings
23 as fines levied against John Does number 25 through 35.

24 MR. BARRETT: Thank you, Ms. Bunton. Anyone have any
25 questions? The Chair will entertain a motion on case

1 numbers VEP 07-25 through VEP 07-35.

2 MR. SWIHART: Move to accept.

3 MR. MURPHY: Second.

4 MR. BARRETT: Moved and seconded to accept these past
5 recommendations on winnings and fines concerning the
6 voluntary exclusion program. All in favor aye?

7 (Ayes all -- nays none.)

8 MR. BARRETT: Now we have occupational license
9 matters, Mr. Packer.

10 MR. PACKER: Thank you, Mr. Chairman. The first
11 occupational license matter before the commission today is
12 a mass denial of the applications for permanent
13 occupational license of four individuals; Hamp Liggins,
14 Jr., Marty House, Joe Draper, and Nicholas Emmons. Each of
15 these four individuals had applied for an occupational
16 license at one of our casinos, and all received temporary
17 occupational licenses having not disclosed any criminal
18 convictions that would render them ineligible for
19 licensure.

20 During the investigation process into these four
21 individuals it was discovered that each had felony
22 convictions that made each of them ineligible for
23 licensure. Commission staff notified each of these
24 individuals that their temporary licenses were revoked and
25 that their applications for permanent license would be

1 considered by the commission at a future commission
2 meeting.

3 The motion before you today is an order -- or the
4 order before you today is a denial of the permanent
5 occupational license applications for all four of these
6 individuals, and staff recommends denial.

7 MR. BARRETT: Thank you, Mr. Packer. Do Commissioners
8 have any questions of Mr. Packer? Then the Chair will call
9 for a motion whether to approve or disapprove proposed
10 Order Number 2007-108.

11 MR. MURPHY: I move we approve the order.

12 MR. SWIHART: Second.

13 MR. BARRETT: Moved by Commissioner Murphy and
14 seconded by Commissioner Swihart. All in favor? All
15 opposed?

16 (Ayes all -- nays none.)

17 MR. BARRETT: Approved unanimously.

18 MR. PACKER: The next matter is Order 2007-109, the
19 matter of Kenneth Calvin. Mr. Calvin was a level two
20 permanent occupational licensee at French Lick. Subsequent
21 to getting his permanent license he was convicted of felony
22 DUI in Monroe County, Indiana, and pursuant to the statute
23 that made his license eligible for discipline. Commission
24 staff filed a disciplinary action and it went through the
25 normal administrative procedures; however, in the pendency

1 of his matter, he transferred positions from a licensed
2 position to a nonlicensed position within the French Lick
3 Resort. As a result his license expired or was terminated
4 as a mechanism of him transferring to a different position.

5 The administrative law judge nor the commission staff
6 member assigned to the matter were aware of this prior to
7 the hearing. So the administrative hearing went on as
8 normal, and the administrative law judge recommended an
9 indefinite suspension of Mr. Calvin's license; however,
10 because he had changed positions to a nonlicensed position
11 his license is not eligible to be suspended because it no
12 longer exists.

13 Pursuant to Indiana Code 4-21.5-3-29 in the
14 Administrative Orders and Procedures Act I sent Mr. Calvin
15 a letter notifying him that the gaming commission would
16 review the recommendation of the administrative law judge
17 for the reason that his license had ceased to exist and,
18 therefore, the recommendation of the administer law judge
19 was moot.

20 The recommendation before you today is to dissolve the
21 administrative law judge's recommendation for the reasons
22 that any discipline of Mr. Calvin's license is unnecessary
23 and moot as a result of him abandoning his license when he
24 changed jobs. I recommend that you approve that order.

25 MR. BARRETT: Thank you, Mr. Packer. And you and Mr.

1 Klinger and Mr. Sicuso and I discussed the question of the
2 statute requiring notice of the issues that would be
3 brought before us. And I would note that paragraph nine of
4 the ALJ's factual findings recognized the change in the
5 employee status without resolving what legal effect that
6 had.

7 MR. PACKER: That's right.

8 MR. BARRETT: And that's why the issue is before us
9 now.

10 MR. PACKER: Yes, and that fact is on the record.

11 MR. BARRETT: In fact that's been resolved. It's just
12 now a question of the effect of it.

13 MR. PACKER: That's right.

14 MR. BARRETT: Any questions? If not the Chair will
15 call for a motion on proposed order 2007-109.

16 MR. MURPHY: I move we approve the order.

17 MS. SHY: I second.

18 MR. BARRETT: It's been moved and seconded that the
19 order be approved. All in favor? All opposed?

20 (Ayes all -- nays none.)

21 MR. BARRETT: Approved unanimously.

22 MR. PACKER: The final occupational license matter for
23 your consideration today is Order 2007-110, the appeal of
24 the denial of Andy Tiet's application for occupational
25 license. Mr. Tiet had an interesting road with the

1 commission staff. He applied -- originally applied for an
2 occupational license, was granted a temporary license
3 because he hadn't disclosed any crimes that would render
4 him ineligible for license. Then it was discovered that he
5 had a felony conviction on his record. Through several
6 months of this process, however, Mr. Tiet provided evidence
7 to the gaming commission that that conviction had been
8 reduced to a misdemeanor.

9 Before that happened, though, Mr. Tiet's license had
10 been denied. So the proper procedural position for the
11 gaming commission at this point is to bring his matter back
12 before you and order that the denial of his application for
13 occupational license be reversed for the reason that new
14 facts have emerged that show that he was not, in fact,
15 ineligible for licensure, and that's the order that's
16 before you today.

17 MR. BARRETT: Does anyone have any questions for Mr.
18 Packer on this issue? Then the Chair will call for a
19 motion on -- I'll put substantively so we're all on the
20 same page -- the approval of Mr. Tiet's application for
21 license.

22 MR. SWIHART: So moved.

23 MR. MURPHY: Second.

24 MR. BARRETT: Moved and seconded. All in favor?

25 (Ayes all -- nays none.)

1 MR. BARRETT: Thank you, sir.

2 MR. PACKER: Thank you, Mr. Chairman.

3 MR. BARRETT: Mr. Klinger, supplier license matters.

4 MR. KLINGER: Good afternoon, Commissioners. There
5 are two supplier license matters before you here today.
6 The first item is Order 2007-111 which concerns the renewal
7 of certain supplier licenses.

8 The commission has previously approved a permanent
9 suppliers license for the following five companies:
10 Aristocrat Technologies, Benchmark Hospitality of Indiana,
11 Paultronics Incorporated, Southwest Surveillance Systems,
12 and Chipco International.

13 Suppliers license must be renewed annually. Each of
14 these supplier licensees that I mentioned has requested
15 renewal for their license at this time and has paid the
16 \$5,000.00 renewal fee.

17 The commission staff recommends that you approve the
18 renewal of all of these licensees; however, I will note
19 that in terms of Chipco International the staff would
20 recommend that the renewal be granted on the condition that
21 Chipco International satisfy all outstanding balances and
22 accounts owed to the Indiana Gaming Commission for cost
23 associated with an investigation of licensee.

24 Chipco was recently investigated and they still owe
25 the commission fees incurred as part of that investigation,

1 and we want to put that as a condition upon renewal of the
2 license.

3 MR. BARRETT: Thank you, Mr. Klinger. Any questions
4 for Mr. Klinger on proposed Order 2007-111? If not I call
5 for a motion.

6 MR. MURPHY: I move to approve the order.

7 MR. SWIHART: Second.

8 MR. BARRETT: It's been moved and seconded to approve
9 the order. All in favor?

10 (Ayes all -- nays none.)

11 MR. BARRETT: 2007-112.

12 MR. KLINGER: Yes, this order is an order that
13 concerns the request by Strategic Communications, LLC, to
14 withdraw its supplier license application. Strategic
15 applied for a supplier license on August 15th of 2006. At
16 that time the application was not complete. Staff
17 contacted Strategic and requested several additional items
18 in order to conduct the investigation.

19 Over a period of months we did receive some
20 information from Strategic but continued to -- they
21 continued to be delinquent in providing some of the
22 information that was requested by commission staff.

23 In July 24th the executive director suspended
24 Strategic's abilities to operate under a temporary license
sed on their continued failure to provide information

1 needed to conduct an investigation.

2 On October 17th we submitted notice to Strategic
3 letting them know that it was the staff's intent to bring
4 the application to the commission with the recommendation
5 that the application be denied based on the fact that they
6 did not provide the information that had been requested.

7 In response Strategic submitted a letter on October
8 31st that requested leave to voluntarily withdraw its
9 application for supplier license.

10 At this time the commission staff would recommend that
11 the commission grant leave to Strategic to withdraw their
12 supplier license application.

13 MR. BARRETT: Any questions on proposed Order
14 2007-112?

15 MR. WALSH: Does the company have to pay the
16 application fee up front?

17 MR. KLINGER: Strategic paid a \$5,000.00 application
18 fee as well as \$1,000.00 application fee for one of the
19 personal disclosure forms they submitted, so we received a
20 total of \$6,000.00. That is a nonrefundable fee, so they
21 will lose that. And I believe -- I don't know the exact
22 numbers, but I believe we can put about \$2500.00 of work
23 into their application.

24 MR. BARRETT: That's correct.

25 MR. SWIHART: So it's a money-maker.

1 MR. KLINGER: If they were to reapply at some point
2 down the road they would have to pay an additional
3 application.

4 MR. BARRETT: When could they reapply?

5 MR. KLINGER: If you place no condition on it they
6 could reapply at any time after the withdrawal is approved.
7 However, of course we would -- again, they'd have to pay a
8 full application fee and we would expect the application
9 fee complete.

10 MS. SHY: Do you know why they didn't complete the
11 information?

12 MR. KLINGER: I'm not sure that I can answer that
13 question. They did submit some information, and I would
14 say that with each request they submitted some information.
15 It was just the information received was not complete. It
16 wasn't everything that was asked for.

17 MR. BARRETT: If there are no further questions I'll
18 call for a motion on proposed Order 2007-112.

19 MR. SWIHART: Move to accept the order.

20 MR. WALSH: I'll second it.

21 MR. BARRETT: It's been moved and seconded that the
22 commission grant Strategic permission to withdraw its
23 application. All in favor? Opposed?

24 (Ayes all -- nays none.)

25 MR. BARRETT: Unanimously. Thank you, Mr. Klinger.

1 Ms. Gray, owner matters.

2 MS. GRAY: Good afternoon, Commissioners. You have
3 before you nine settlement agreements concerning
4 disciplinary action. The first settlement was with Argosy
5 Casino, Order 2007-113, and includes two-counts. The first
6 count involved violations at the roulette table; the second
7 count, Argosy violated the rules to inspect properly
8 cancelled decks of cards.

9 Argosy has agreed to a monetary settlement of
10 \$12,500.00 in lieu of disciplinary action. And the
11 commission staff recommends approval of the settlement
12 agreement.

13 MR. BARRETT: Thank you. Any questions as to the
14 Argosy proposed settlement?

15 MR. WALSH: What does it mean to drill through?

16 MS. GRAY: It's when they cancel the decks of cards
17 they drill all the way through the entire deck.

18 MS. SHY: In the book that we have is it different
19 than that?

20 MR. WALSH: In the book what was that total line on
21 there?

22 MS. GRAY: 12,500.

23 MR. BARRETT: The executive summary is incorrect; the
24 proposed order is correct.

25 Any further questions as to the proposed settlement of

1 Argosy for \$12,500.00? If not the Chair will call for a
2 motion on 07-AZ-03.

3 MS. SHY: Move to approve.

4 MR. WALSH: Second.

5 MR. BARRETT: It's been moved and seconded. All in
6 favor?

7 (Ayes all -- nays none.)

8 MS. GRAY: The second Order 2007-114 settlement
9 agreement with Aztar includes two counts. In the first
10 count a vendor was allowed access to a soft count room
11 without a security escort, and the vendor took a
12 nontransparent bag into the room; in the second count two
13 vendors were found playing slot machines; neither vendor
14 had an escort.

15 Aztar has agreed to a total monetary settlement of
16 \$15,000.00 in lieu of disciplinary action. Commission
17 staff recommends that you approve the settlement agreement.

18 MR. BARRETT: Any questions as to the proposed Aztar
19 settlement? If not the Chair will call for a motion for
20 case 07-AZ-03.

21 MR. SWIHART: Moved to accept

22 MR. MURPHY: Second.

23 MR. BARRETT: It's been moved and seconded. All in
24 favor?

25 (Ayes all -- nays none.)

1 MR. BARRETT: Unanimously.

2 MS. GRAY: Order 2007-115 is a settlement agreement
3 with Belterra and includes three counts. The first count
4 violated a progressive slot rule requiring two slots on
5 separate controllers which link two or more EGD's; in the
6 second count an underage person was allowed to board the
7 casino; this is the third time in the last six months; the
8 third count violated the rule regarding card and dice
9 removal from the table games.

10 Belterra has agreed to a total monetary settlement of
11 37,000 in lieu of disciplinary action. The commission
12 staff recommends that you approve the settlement agreement.

13 MR. BARRETT: Any questions?

14 UNKNOWN SPEAKER: Ms. Gray, since we have asked about
15 this before and we have some new members, perhaps you could
16 reacquaint us with the underage admission violation.

17 MS. GRAY: What we do is the first violation is
18 \$1,500.00; the second violation within six months is
19 \$3,000.00; the fourth violation -- or the third violation
20 is 4,500 and so on. And we do it in a rolling six-month
21 period. However, I will say that the compliance committee
22 is looking at forming a new policy with that -- with the
23 underage violation.

24 MR. YELTON: What we're hoping to accomplish is an
25 habitual offender that may go six months with three or four

1 and after the six-month period is over they start again.
2 So we want to be able to capture that -- the very frequent
3 instances -- the rare instances where there are frequent
4 violations of within a year's period.

5 MR. BARRETT: Anything further? Then the Chair will
6 call for a motion in case 07-BT-04.

7 MR. SWIHART: I move to approve the settlement.

8 MR. MURPHY: Second.

9 MR. BARRETT: It's been moved and seconded to approve
10 the 07-BT-04. All in favor? All opposed?

11 (Ayes all -- nays none.)

12 MR. BARRETT: Approved unanimously.

13 As to Blue Chip.

14 MS. GRAY: For 2007-116 is a settlement with Blue Chip
15 wherein underage person's were allowed to board the casino.
16 This is the fourth, fifth, and six violations in the past
17 six months. Blue Chip has agreed to a monetary settlement
18 of \$22,500.00 in lieu of disciplinary action. The
19 commission staff recommends that you approve the settlement
20 agreement.

21 MR. BARRETT: Any questions?

22 MR. MURPHY: We actually observed ID checks; how can
23 this happen? I mean, you can see right there.

24 MS. GRAY: Well, Blue Chip has taken some extra
25 measures as you saw yesterday in helping their security

1 officers hopefully not make the same error. So for the
2 most part Blue Chip has been trying different things to
3 make sure that there are security officers to check for
4 ID's, and they're hoping that these measures will lower
5 their underage violations, yes.

6 MR. BARRETT: If there's nothing further the Chair
7 will call for a motion in Case Number 07-BC-04.

8 MR. SWIHART: Move to approve.

9 MR. MURPHY: Second.

10 MR. BARRETT: Moved and seconded to approve. All in
11 favor? All opposed?

12 (Ayes all -- nays none.)

13 MR. BARRETT: Unanimous.

14 As to Caesars.

15 MS. GRAY: The fifth Order 2007-117 is a settlement
16 agreement with Caesars involving seven counts. The first
17 count violated the rules requiring each live gaming device
18 to have a drop box attached to it; the second count
19 involved an underage person being allowed to board the
20 casino; this is the second occurrence in the past six
21 months; the third count violated the rule requiring
22 occupational licenses to be renewed annually; count four
23 violated the sensitive key rule when a cashier left keys to
24 the NRT unit on top of the unit; the fifth count violated
25 Caesars internal controls regarding keno tickets when a

1 ticket was cashed twice.

2 In the sixth count the rule regarding progressive
3 controllers to have two locks was violated; count seven
4 involved slot machines being put into play without approval
5 from the gaming agents; the casino was fined recently for
6 this same issue.

7 Caesars has agreed to a total monetary settlement of
8 \$49,500.00 in lieu of disciplinary action, and the
9 commission staff recommends approval of this settlement
10 agreement.

11 MR. BARRETT: Commissioners have any questions
12 regarding Caesars proposed settlement? If not the Chair
13 will call for a motion in case number 07-CS-04.

14 MR. SWIHART: Move to accept approval.

15 MR. WALSH: Second.

16 MR. BARRETT: Moved and seconded to approve the
17 settlement. All in favor aye? Opposed?

18 (Ayes all -- nays none.)

19 MR. BARRETT: Approved unanimously.

20 As to French Lick.

21 MS. GRAY: Order 2007-118 is the settlement agreement
22 with French Lick involving eight counts. The first count
23 involves the violation of French Lick's internal controls
24 regarding keno ticket redemption; in the second count an
25 underage person was allowed to board the casino; this is

1 the fourth time in the past six months; the third count
2 violated the rule requiring chips stored at a closed table
3 game to be locked with a lockable table tray; in the fourth
4 count the rule requiring two locks on the progressive
5 controller where two or more EGD'S are linked was violated.

6 The fifth count violated the rules requiring the
7 admission tax to be computed utilizing the highest count of
8 all counting methods; the sixth count violated the
9 sensitive key rule when a cage door was left opened; in the
10 seventh count the VEP rule was violated when a room was
11 comped for a VEP; the final count violated the rule
12 regarding revoked EPROMS.

13 French Lick has agreed to a total monetary settlement
14 of \$41,000.00 in lieu of disciplinary action, and
15 commission staff recommends approval of the settlement
16 agreement.

17 MR. BARRETT: Commissioners have any questions? If
18 not the Chair will call for a motion on case number
19 07-FL-03.

20 MS. SHY: I move to approve.

21 MR. SWIHART: Second.

22 MR. BARRETT: It's been moved and seconded. All in
23 favor? All opposed?

24 (Ayes all -- nays none.)

25 MR. BARRETT: Unanimously.

1 As to Grand Victoria.

2 MS. GRAY: Order 2007-119 is a settlement agreement
3 with Grand Victoria and involves seven counts. The first
4 count involves the failure to inform a gaming agent of
5 surveillance equipment that was out of service due to a
6 malfunction; in the second count the sensitive key rule was
7 violated when a set of keys was found in a slot machine and
8 keys were not returned timely; in the third count an
9 underage person was allowed to board the casino; this is
10 the second time in the past six months; the fourth count
11 violated the rule requiring that a progressive meter must
12 display the winning progressive amount.

13 In the fifth count a VEP received promotional mail; in
14 the sixth count it violated the rule requiring the internal
15 space of an EGD not to be readily accessible when the door
16 is closed; the seventh count violated the rule stating the
17 purpose of accounting procedures is to insure that all
18 assets of the riverboat licensee be safeguarded when
19 tournament fees were left in a fanny pack on a chair in the
20 poker room.

21 Grand Victoria has agreed to a total monetary
22 settlement of 65,500 in lieu of disciplinary action, and
23 the commission staff recommends approval of this settlement
24 agreement.

25 MR. BARRETT: Commissioners have any questions? If

1 not the Chair will call for a motion 07-GV-03.

2 MR. SWIHART: Move to approve.

3 MR. MURPHY: Second.

4 MR. BARRETT: It's been moved and seconded. All in
5 favor? All opposed?

6 (Ayes all -- nays none.)

7 MR. BARRETT: Approved unanimously.

8 As to Horseshoe.

9 MS. GRAY: Order 2007-120 is a settlement agreement
10 with Horseshoe Casino where two employees failed to insure
11 a door to a key box was properly closed. Horseshoe has
12 agreed to a monetary settlement of 1,500 in lieu of
13 disciplinary action. The commitment staff recommends
14 approval of this settlement agreement.

15 MR. BARRETT: Commissioners have any questions? If
16 not the Chair will call for a motion on case number
17 07-HH-04.

18 MR. SWIHART: Move to approve.

19 MS. SHY: Second.

20 MR. BARRETT: It's been moved and seconded. All in
21 favor? Opposed?

22 (Ayes all -- nays none.)

23 MR. BARRETT: Approved unanimously.

24 As to Majestic Star.

25 MS. GRAY: The final Order 2007-121 is a settlement

1 agreement for Majestic Star I and II involving four counts.
2 The first count violated the rule requiring two locks on
3 progressive controllers where two or more EGD's are linked;
4 in the second count a VEP won and was paid several taxable
5 jackpots; in the third count the casino allowed a person
6 without an occupational license to work for 13 days; the
7 fourth count violated the rule stating the purpose of
8 accounting procedures was to insure that all assets of the
9 riverboat licensee be safeguarded when money was
10 transported from one cage to another without the cart being
11 locked.

12 Majestic Star has agreed to pay a total monetary
13 settlement of 67,500 in lieu of disciplinary action. The
14 commission staff recommends that you approve the settlement
15 agreement.

16 MR. BARRETT: Thank you. Commissioners have any
17 questions? If not the Chair will call for a motion on case
18 number 07-MS-04.

19 MR. SWIHART: Move to approve.

20 MR. MURPHY: Second.

21 MR. BARRETT: It's been moved and seconded to approve.

22 All in favor? Opposed?

23 (Ayes all -- nays none.)

24 MR. BARRETT: Approved unanimously. Thank you.

25 Mr. Sicuso.

1 MR. SICUSO: Thank you. Mr. Chairman, Members of the
2 Commission, we have two financial matters to consider
3 today. The first one is represented in Order 2007-122. As
4 that order is proposed it would ratify Executive Director
5 Yelton's October 23rd interim approval for Blue Sky Casino,
6 LLC's indirect parents who are Orange County Holdings, LLC,
7 and BSR OC Holdings Acquisitions, LLC, to close on two debt
8 transactions without receiving prior approval from the full
9 commission and without satisfying the traditional
10 two-meeting requirement.

11 You've been provided with a confidential analysis of
12 the transaction with Dr. Charlene Sullivan who recommends
13 approval; you've also been provided with materials that
14 indicate that the proceeds from the debt transactions will
15 be used to pay for fees and deferred construction billings
16 for various construction improvements that were done to the
17 French Lick Hotel and also to various related resort
18 amenities.

19 With these factors in mind the staff recommends that
20 you approve Order 2007-122.

21 MR. BARRETT: Thank you, Mr. Sicuso. Do the
22 Commissioners have any questions for the general counsel?
23 If not the Chair will call for a motion on approval of the
24 proposed Order 2007-122.

25 MR. MURPHY: I move to approve the order.

1 MR. WALSH: Second.

2 MR. BARRETT: Moved and seconded to approve the
3 refinancing in Order 2007-122. All in favor aye? All
4 opposed?

5 (Ayes all -- nays none.)

6 MR. BARRETT: Unanimously.

7 Mr. Sicuso.

8 MR. SICUSO: Second transaction relates Majestic Star
9 Order 2007-123 as is proposed would approve the issuance of
10 up to 225 million in bridge notes issued by PITG Gaming,
11 LLC. PITG Gaming is indirect subsidiary of Barden
12 Development, Inc., which is the ultimate parent of both
13 Majestic Star licensees in Indiana.

14 The net proceeds and proposed notes would be used to
15 pay cost and fees that are associated with the start up and
16 development and also initial licensing fees of a stand
17 alone slot facility in Pittsburg, Pennsylvania. The notes
18 will mature no later than nine months from the date of
19 issuance and will have a variable interest rate which may
20 incrementally increase if the balance of the notes are not
21 paid in full in 90 days.

22 You've been provided again with a confidential
23 analysis of the transaction from Dr. Sullivan who
24 recommends approval, and commission staff recommends also
25 that you approve 2007-123.

1 MR. BARRETT: Thank you. Commissioners have any
2 questions? If not the Chair will call for a motion on
3 proposed Order 2007-123.

4 MR. SWIHART: Move to approve.

5 MR. WALSH: Second.

6 MR. BARRETT: Moved and seconded to approve. All in
7 favor? Opposed?

8 (Ayes all -- nays none.)

9 MR. BARRETT: Moved unanimously. Thank you, Mr.
10 Sicuso. Executive Director Yelton.

11 MR. YELTON: Mr. Chairman and Members of the
12 Commission, as you know Apollo Management and Texas Pacific
13 Group through Hamlet Holdings, LLC, have offered to
14 purchase all the shares of Harrah's Entertainment who has
15 agreed to sell those shares.

16 Harrah's Entertainment operates two venues in Indiana:
17 Horseshoe in Hammond and Caesars down south on the Ohio
18 River. The background investigation reports are concluded.
19 You have a copy of their findings, and Dr. Sullivan has
20 concluded her financing analysis, and you have her report
21 as well.

22 The action on the request to transfer is ripe for you
23 today, and we'll begin giving a presentation from Apollo
24 and TPG from global counsel Ron Gifford.

25 MR. GIFFORD: Thank you. Mr. Chairman, Members of the

1 Commission, and staff, I'm Ron Gifford. I'm Indiana
2 counsel for Apollo TPG and Harrah's Entertainment. We're
3 grateful to you for hearing this today on the agenda.
4 Before we start, a very short presentation though.

5 We would like to recognize Mayor Thomas McDermott from
6 the great City of Hammond, Indiana. Mayor McDermott has
7 juggled his schedule a bit to be here today, and we'd like
8 to accommodate that. So with your permission, Mr.
9 Chairman, we'd like to hear from the mayor before we
10 proceed with our brief comments.

11 MR. BARRETT: Absolutely.

12 MR. MCDERMOTT: Mr. Yelton, Commissioners, thank you
13 very much for hearing me out today. I'm here today on
14 behalf of Horseshoe, Harrah's, Apollo, and TPG, to show my
15 support for the transfer of ownership between the two
16 boats.

17 I've been the mayor of Hammond, Indiana, for four
18 years now, and I've had a very close working relationship
19 with Horseshoe Casino, it being very vital to Hammond,
20 Indiana.

21 Rick Mazer, the Executive Director of Horseshoe
22 Casino, has an excellent relationship with the City of
23 Hammond. He's been there since it was Empress; he's been
24 there through Horseshoe. And, you know, I'm very
25 comfortable with the direction of the casino. It's

1 important to the community that it's going to be continued
2 under the new ownership.

3 I had a chance to meet with Mr. Karl Peterson of
4 Apollo TPG; we had a very nice conversation about what his
5 vision was for the casino, what his group's vision was for
6 the casino, their commitment to the local community, their
7 commitment to the expansion, and the continued improvement
8 of Horseshoe Casino.

9 As you all know right now we're undergoing a 485
10 million dollar expansion to the boat, which is very
11 important to the local community. There are hundreds of
12 construction jobs being created, hundreds of permanent jobs
13 being created, and it's very important to the City of
14 Hammond, very important I imagine to the new ownership as
15 well, and I'm very comfortable with this transfer of
16 ownership.

17 And it is important enough for me to get up here to
18 speak to you all about the importance of Horseshoe to the
19 local community. We do a lot of great things with gaming
20 money. 70 percent of it's used on infrastructure
21 improvements in our 120-year old city. We do great things
22 with the money with college programing. We have a program
23 called College Bound which is also very important to the
24 local community. So what's important to Horseshoe is
25 important to Hammond, and it's important enough for the

1 mayor of Hammond to come up here and express his approval
2 and hope that you would all agree that this is in the best
3 interest of Indiana, Horseshoe, and Hammond.

4 So thank you very much, and like I said, I hope you
5 all agree with me, thank you.

6 MR. BARRETT: Thank you, Mayor.

7 MR. YELTON: Excuse me, Members of the Commission, I
8 think you'll join me in congratulating Mayor McDermott on
9 his reelection Tuesday. The Commission's relationship with
10 him and his administration is extremely positive and
11 cooperative, and we were very pleased to see his success.

12 MR. MCDERMOTT: Thank you, Mr. Yelton.

13 MR. GIFFORD: Thank you, Mayor. So we have a short
14 presentation for you now. Jonathan Halkyard who's the CFO
15 of Harrah's Entertainment is going to quickly walk through
16 the transaction in the aspects of finance.

17 And then Karl Peterson sitting next to Jonathan who is
18 here on behalf of TPG and Eric Press on behalf of Apollo.
19 We want to be sensitive to your time, and rather than
20 repeat all the things that are in our presentation, after
21 Jonathan gives some specifics, we'll be available for
22 specific questions that the commission may have.

23 I'd also like to note we have some other
24 representatives here today from Harrah's: Steve Brammel
25 who's the general counsel for Harrah's; Michael Cohen who's

1 the associate general counsel; Marybel Batjer, vice
2 president of public policy; and then here from the property
3 Rick Mazer, the GM; Tim Lambert who's counsel at the
4 property; Frank Marty, who is with us from New York, he's
5 the New York counsel on this transaction.

6 So with that I'm going to turn this over to Jonathan.

7 MR. HALKYARD: Thank you, very much. Mr. Chairman,
8 Commissioners, Executive Director, and Members of the
9 Executive Staff, thank you very much for allowing us to
10 take some time on the agenda today to talk about our
11 transaction for your consideration of it.

12 This session today is a very important step on what
13 has been a long and important journey for our company since
14 last December when our board agreed to sell Harrah's
15 Entertainment to a group led by Apollo TPG. Some ten
16 months later management team of Harrah's Entertainment
17 remains extremely enthusiastic about this transaction.

18 We've taken this time to get to know our future
19 partners, Apollo and TPG, even better than we had at the
20 time the special committee and the board agreed to this
21 transaction and couldn't be more pleased with the way that
22 that partnership has evolved, and we're looking forward to
23 closing this transaction and working together with Apollo
24 and TPG.

25 The transaction truly represents just a change in

1 ownership and not a change in strategy: The strategy
2 that's served our company and our employees and our
3 communities very well for over a decade now and which is
4 included in a very meaningful way our operations here in
5 Hammond as well as down in southern Indiana at the Caesars'
6 property.

7 This acquisition will in no way affect our company's
8 ability to continue to grow. In fact, while I'll let Mark
9 or Rick and Karl speak to this themselves, I believe they
10 are very supportive of our future growth prospects as
11 evidenced by the continuation of our 485 million dollar
12 investment in the new Horseshoe in Hammond as well as
13 supporting our ambition to really bring "two shoes" to the
14 State of Indiana with the rebranding of the Caesars'
15 property and a significant capital investment at the
16 Caesars' property.

17 We'll continue to honor all of our commitments to the
18 State of Indiana including the development agreements here
19 in the City of Hammond as well as down in Harrison County.

20 Let me just spend a couple of minutes talking about
21 the transaction itself. Apollo and TPG are acquiring
22 Harrah's for a total of 31 billion dollars in transaction
23 value. Approximately 17 billion dollars of that amount
24 represents the acquisition of the shares of Harrah's
25 Entertainment for 90 dollars per share, and 13 billion

1 dollars represents the -- either the assumption or the
2 refinancing of debt that is currently on Harrah's balance
3 sheet.

4 Apollo and TPG will be investing 6 billion dollars in
5 new equity into the company; of the remaining amount of the
6 31 billion dollar consideration will be the rolling over of
7 some existing debt of Harrah's as well as approximately 20
8 billion dollars in new credit facilities that's being
9 committed by a group of leading international banks
10 including Citi Bank, J.P. Morgan, Deutsche Bank, Bank of
11 America, Merrill Lynch, Bear Stearns, and some of the top
12 financial institutions to our industry and business
13 generally.

14 Following the merger Harrah's will be the surviving
15 corporation. Our board of directors will be composed of
16 Gary Lovemann, our chairman, as well as representatives
17 from Apollo and TPG. As of this time this transaction has
18 been approved in the states of Mississippi and New Jersey,
19 and we're looking forward to approval of the transaction in
20 the remaining jurisdictions by the end of the year.

21 With that overview I'll turn it over to Rick Press
22 from Apollo Management and, of course, at the conclusion of
23 our remarks be happy to answer any questions that you have.

24 MR. PRESS: Mr. Chairman, Commissioners, good
25 afternoon and thank you for having us here today. My name

1 is Rick Press; I'm a partner from Apollo Management based
2 in New York. Been with the firm for approximately ten
3 years. I would just like to be very brief and echo what
4 Jonathan said. We are highly supportive as a firm of
5 Harrah's Management team and believe them to be the most
6 professional management team in the gaming industry today.

7 We recognize that Harrah's activities in the State of
8 Indiana are extremely important to the company and its
9 future growth and, therefore, they are extremely important
10 to us. And we are highly supportive of the significant
11 investments that Harrah's is currently in the process of
12 making in its properties in this state.

13 I would also like to tell the commissioners that from
14 our perspective as applicants going through this process in
15 many jurisdictions across the country it is Harrah's assets
16 as you know in many jurisdictions, we have been very, very
17 impressed with the professional and quality of the staff
18 that we have come into contact with through this process.

19 It is, as you know, a long and somewhat difficult
20 process involving assembling lots of information and
21 providing and answering many, many questions, but I think
22 they have made the process as easy as possible, and they're
23 professionalism throughout the process has really been a
24 stand-out from some jurisdiction we've dealt with and we
25 are very grateful for that.

1 I will be happy at the conclusion of our collective
2 remarks to answer any questions that you have about our
3 firm or about this transaction. Again, I'd like to thank
4 you and, again, please do not hesitate to ask if you have
5 questions.

6 MR. PETERSON: Good afternoon, I'm Karl Peterson, one
7 of the applicants; I'm a partner at TPG. It's good to be
8 home here in Indiana as I grew up about 65 miles due east
9 of here. I would like to echo the remarks that Rick had
10 made about the professionalism and the diligent effort you
11 and your staff have afforded us. This is quite a process,
12 but we appreciate your efforts just to get us here today in
13 this complex transaction with the abundance of information
14 for you to digest, and we appreciate you doing that
15 quickly.

16 I found it interesting just hearing the mayor's
17 remarks because what we really like to see in our business
18 is where our business makes a difference in the community.
19 And it's nice to see that's happening here in Indiana.
20 This transaction, as Jonathan said, is absolutely a
21 validation of this management team and this company's
22 strategy.

23 It's an exciting time as a business with the growth
24 opportunities that are happening across this company and
25 this state in particular. And we are eager to be long-term

1 investors in helping this management team execute their
2 business and continue on the path to success with which for
3 us will be defined as growth in this business and making
4 new investments across the country. And that is the track
5 record and basically the recipe that we see to make this a
6 successful transaction. And we with your approval we would
7 look forward to having a constructive relationship with
8 this body to effect these plans.

9 So thank you for having us here today, and we
10 appreciate your efforts so far.

11 MR. YELTON: Where did you grow up in Indiana?

12 MR. PETERSON: South Bend.

13 MR. BARRETT: Commissioners have any questions?

14 MR. SWIHART: I do; you're keeping the same management
15 and the same strategy that Harrah's has; correct?

16 MR. PETERSON: Yes.

17 MR. SWIHART: Where's the tax benefit for the benefit
18 of the taxpayers by doubling your debt? You're going
19 almost with a buy-out dividend. Where is the advantage to
20 the taxpayers?

21 MR. PETERSON: Well, the way we look at these
22 transactions is to try to figure out the optimal capital
23 structure here for the company and lower cost capital which
24 we believe being the mix of debt equity that we are putting
25 forward will allow a company to make the initial

1 investments like the one we're making here in this boat, to
2 continue to grow the tax base, and continue to add jobs to
3 the local community, and continue to increase the tax
4 revenue for the local treasurers.

5 MR. SWIHART: Thank you.

6 MR. BARRETT: Any further questions?

7 Next we'll ask for Garth Brown, the director of
8 background investigations, to give his report to the
9 members of the commission. Gentleman you can stay in case
10 there are questions.

11 MR. BROWN: Good afternoon Commissioners and Executive
12 Staff. On or about February 10, 2007, the investigative
13 division of the Indiana Gaming Commission received a
14 transfer of ownership application from Hamlet Holdings
15 Incorporated for the acquisition of Harrah's Entertainment.

16 Hamlet Mergers control 100 percent by its parent
17 company, Hamlet Holdings, LLC, principles of private equity
18 groups Apollo Global Management, TPG Capital, will have
19 sole controlling interest of Hamlet Holdings, LLC.

20 Apollo Global Management was founded in 1990 for the
21 purpose of private money management. Since then Apollo now
22 manages approximately 35 billion dollars in capital and
23 multiple funds. TPG Capital was founded as a private
24 investment firm in 1992. Currently TPG has over 30 billion
25 dollars of capital under its management.

1 For the suitability of investigation IGC staff
2 investigated 11 key persons from Apollo Global Management
3 and TPG Capital. Verified findings under the jurisdictions
4 analyzed limited partners participating in effective funds
5 from both institutions and examined means of recovering
6 economic interest after the transfer of ownership.

7 Do you have any questions?

8 MR. SWIHART: Mr. Brown, were there any issues you
9 felt need to be raised for the commission?

10 MR. BROWN: Well, after analyzing voluminous
11 information that I'm sure the principals of TPG and Apollo
12 and Harrah's and even including Ron Gifford can attest to,
13 we cannot find any issues that would find this acquisition
14 to be unsuitable.

15 MR. SWIHART: Thank you, Mr. Brown.

16 MR. BARRETT: Mr. Sicuso. The Commission will ask
17 General Counsel, Mr. Sicuso, to present to you the proposed
18 order.

19 MR. SICUSO: As Executive Director Yelton introduced
20 to you earlier the Order 2007-124 does two things. The
21 first portion of the order addresses the actual merger and
22 the second section addresses the financing package.

23 What I want to do today is just go through and
24 summarize for the public record the five conditions that
25 the staff imposes that the commission has placed on the

1 transfer, some of which are new to our jurisdiction and
2 modeled after Nevada, and what some other jurisdictions
3 have done with private equity investment into gaming
4 licenses.

5 So to summarize those conditions, the first one in a
6 nutshell is a limitation in that it requires the commission
7 to grant prior approval any time a dividend or distribution
8 it to be declared for any unlicensed economic interest
9 holder in Harrah's Entertainment.

10 Anytime, however, that the proposed dividend or
11 distribution is to be for the sole purpose of defraying tax
12 liabilities or expenses that arises directly out of holding
13 that interest the prior approval will only need to be given
14 by the executive director rather than the full commission.

15 The second condition would be that Harrah's should
16 provide the executive director on a quarterly basis with a
17 list of all the direct and indirect economic interest
18 holders in Harrah's Entertainment. That's a little bit
19 different from the traditional requirement in our
20 regulations that has the limit at one percent.

21 The third condition that we propose is that no
22 director in direct economic interest holder -- excuse me --
23 interest in Harrah's Entertainment may be transferred or
24 divested without providing at least 30 days advanced notice
25 to the executive director.

1 Fourth, all direct and indirect economic interest
2 holders must if requested by the commission or its staff
3 submit the full disclosure and transparency of information
4 up to and including full licensure. If any such
5 information or cooperation is withheld such interest holder
6 may be asked to divest its interest in Harrah's
7 Entertainment.

8 The fifth and final condition is something that's more
9 traditional to what we've done in past transfers which is
10 essentially a requirement that the licensing of all
11 relevant affiliates abide by all of the laws regulations
12 and directives applied to the license holders in Indiana.

13 With those conditions in mind we recommend that you
14 approve Order 2007-124 which addresses the merger and the
15 financing in one.

16 MR. BARRETT: Thank you, Mr. Sicuso. Do the
17 commissioners have any questions? Discussions?

18 MR. WALSH: I'd just say that the background work that
19 Garth and David did is really quite impressive.

20 MR. BARRETT: Thank you. Then the Chair will
21 entertain a motion for the approval or rejection of Order
22 2007-124.

23 MR. SWIHART: Move to approve.

24 MR. WALSH: I'll second.

25 MR. BARRETT: It's been moved and seconded to approve.

1 All in favor?

2 (Ayes all -- nays none.)

3 MR. BARRETT: Moved unanimously. Mr. Klinger.

4 MR. KLINGER: Good afternoon Commissioners. The next
5 item on the agenda concerns the renewal of the riverboat
6 owner license of Belterra Resort Indiana, LLC. Belterra
7 has submitted a request for the renewal of its riverboat
8 owners license and has paid the \$5,000.00 annual renewal
9 fee.

10 Based on the timing of the expiration of the license
11 which I believe was set to expire October 22nd of this
12 year, Executive Director Yelton exercised the authority
13 granted to him by this commission to extend the license to
14 this date so the commission can consider the renewal at a
15 regular business meeting.

16 The commission staff has determined that Belterra is
17 substantially in compliance with the Riverboat Gaming Act
18 and Title 68 of the Indiana Administrative Code, and at
19 this time the staff recommends the commission approve Order
20 2007-125 and thereby renew the license of Belterra.

21 MR. BARRETT: Thank you, Mr. Klinger. Commissioners
22 have any questions? The Chair will entertain a motion for
23 proposed Order 2007-125.

24 MR. MURPHY: I move to approve.

25 MR. SWIHART: Second.

1 MR. BARRETT: Moved and seconded to approve Belterra's
2 application for renewal of its license. All in favor? All
3 opposed?

4 (Ayes all -- nays none.)

5 MR. BARRETT: Approved unanimously. And as to Grand
6 Victoria.

7 MR. KLINGER: Yes, the last item on the agenda is
8 Grand Victoria, Order 2007-126. Grand Victoria Casino
9 Resort, LP, submitted a request to renew its riverboat
10 owners license and has paid the \$5,000.00 annual license
11 renewal fee. Again, in this situation, Executive Director
12 Yelton has exercised his authority granted by this
13 commission to extend the license to this date so the
14 commission can consider this at a regular business meeting.

15 Commission staff has determined that the casino is
16 substantially in compliance with the Riverboat Gaming Act
17 and Title 68 of the Indiana Administrative Code.

18 I guess prior to giving my recommendation on this I
19 understand there are a few individuals who would like to
20 address the commission in relation to this renewal.

21 MR. BARRETT: Gentlemen, before you bring -- do the
22 commissioners have any questions? If not then we'll have
23 the presentation by the licensee and we have a few
24 representatives from Grand Victoria here. If you can come
25 up at this time.

1 Good afternoon, sir.

2 MR. AZARK: Good afternoon, Mr. Chairman, Members of
3 the Commission, Executive Director Yelton, staff, honored
4 guests, my name is Dan Azark. As Chairman of Hyatt Gaming
5 and on behalf of Grand Victoria and its owners and all of
6 its employees we are very pleased to be before you today to
7 provide you our report on our operations over the last
8 three years at the requested renewal of our license.

9 I've had the privilege to appear in front of this
10 Commission on a number of occasions over the last 12 or 13
11 years, and I have to tell you it's been my pleasure to
12 watch how this industry has developed under your
13 leadership. The stability of the legislative environment
14 in Indiana and the consistent even-handed regulatory
15 environment, as you heard the previous group refer to that,
16 has helped foster what most consider to be a very healthy
17 industry in Indiana.

18 And I don't need to advise this commission on the
19 contribution that the industry makes to Indiana's economy
20 both in terms of jobs and in terms of revenue.

21 I've been with Hyatt for almost 30 years, and I
22 actually began work on Rising Sun almost a year before we
23 put a shovel in the ground and had a strong hand in
24 concepting the resort there.

25 Our commitment then was to deliver a first class

1 project and to provide a first class experience to our
2 guests. Our background in hospitality at Hyatt suggested
3 that the key to doing that is to attract and keep premium
4 employees. We did these things when we opened 13 years
5 ago, and we are as committed to them today as we were back
6 then.

7 Our other commitment then to you was to operate in a
8 transparent fashion and to attempt to be the model of
9 compliance. We continue to strive hard to do so, and in
10 doing so we have greatly appreciated the leadership and
11 professionalism and guidance of your staff.

12 While many things around us have changed since we
13 first made our first application to you, some things have
14 not changed, and these core commitments haven't changed:

15 To give you a first class facility; to care for both
16 our customers and our employees; and transparent
17 operations. And as we seek our follow up on our
18 presentation today we seek your renewal of the license and
19 very much appreciate your favorable consideration.

20 I'd like to bring up now Peter Liguori, president of
21 Hyatt Gaming and my colleague in Chicago.

22 MR. LIGUORI: Thank you. Chairman Barrett, I'm not
23 going to call you Chairman (inaudible.) Chairman Barrett,
24 Executive Director Yelton, IGC staff, it's a pleasure to
25 speak to you today on behalf of the employees, ownership,

1 management of Grand Victoria Riverboat as we request the
2 renewal for a riverboat owners license.

3 I should point out that we recognize the license is a
4 privilege and not a right, and we certainly take that
5 privilege very seriously. Although my association with the
6 property is not quite as long as Mr. Azark's, I have been
7 involved with Grand Victoria since 1998. And I have 27
8 years gaming experience in a multi-jurisdictional
9 background as president of Hyatt Gaming which is
10 responsible for the day to day management of the property.

11 We endeavor, as Dan indicated, to run the property in
12 a compliant professional manner but also to provide a
13 stable economic engine for the State of Indiana and the
14 city of Rising Sun, the ownership and of course the
15 employees. We strive to make and maintain a good day to
16 day working relationship with all of our constituents. We
17 have and will continue to work with the city of Rising Sun,
18 the Rising Sun Foundation, and Ohio County in ways that
19 benefit all parties.

20 As you know we contribute a percentage of our gaming
21 revenue to the Rising Sun Regional Foundation. We also
22 participate in the local community by directly supporting
23 various events. We also contribute directly through
24 charitable organizations, again, that focus on the city of
25 Rising Sun and the region.

1 Many of our key employees volunteer their time on the
2 local boards and participate in the community in other
3 ways, and I know that later Steve is going to be briefly
4 talking about that. Equally important to us is that we
5 have a commitment to maintain the financial viability of
6 the project and the success of the facility.

7 The last three years have been challenging for the
8 boat. As you know, you've seen the numbers, and
9 competition is increasing. And to respond we greatly
10 increased our marketing dollars roughly 40 percent to
11 continue to attract customers to the region and area.
12 We've also spent significant capital dollars. We've chosen
13 to do that strategically to target projects that increase
14 our revenue base.

15 During the last year of ownership we made a decision
16 as well to test the market value of the Grand Victoria
17 asset and begin an auction sale process. As you know we
18 recently decided to suspend that process, although there
19 was significance interest in the property because of the
20 unstable financial markets that we're currently in today,
21 bidders were unable or unsuccessful to secure the financing
22 to purchase the property. With this decision we now look
23 to the future. But before we speak about that we wanted to
24 address the past three years, and that's why we're here
25 today.

1 My understanding that there is a time issue, so I did
2 want to offer to the Chairman if you wish we can really
3 have a very abbreviated presentation, and again, your
4 choice or none at all. I'm happy to do whatever the Chair
5 wishes.

6 MR. BARRETT: I think we have allotted 15 minutes.

7 MR. LIGUORI: Okay. So we'll make sure we're within
8 15. To lead the next section of the presentation it's my
9 great pleasure to introduce the property's general manager,
10 Steve Jimenez. Steve has been with Grand Victoria about
11 ten years and most of that time had been heading up the
12 marketing department. And in November of '05 Steve was
13 promoted to the assistant general manager position and
14 subsequently into February of '06 was promoted to the
15 general manager position.

16 I can also tell you personally that Steve is a
17 dedicated, hard-working individual. He's a bit of a
18 scrapper. He makes mistakes and he learns from those
19 mistakes and we move on. So it's really been a pleasure
20 for me to see Steve grow in the role that he's now in.

21 MR. JIMENEZ: Good afternoon, Chairman Barrett,
22 Commissioners, Executive Director Yelton, and IGC staff.
23 As Pete has mentioned, I've been with Grand Victoria for
24 just about ten years. During that time Hyatt as allowed me
25 the opportunity to work my way up to my current position.

1 Not only has Grand Victoria had a positive effect on
2 me, but I think it's had a positive effect on its team
3 members, businesses, and the state and local communities.
4 And I'm pleased to be here today to tell you what Grand
5 Victoria is all about.

6 Most of you have the presentation in front of you, and
7 probably most of you have not been to our property. So I
8 would like to have you any time you'd like to come down to
9 visit the property, give you a tour. With that I will
10 start with our economic contributions which is probably two
11 thirds of the way there through the presentation.

12 The presentation will give you a good feel of our
13 property, so if you need any additional questions or you
14 have any additional questions you may ask at that point.

15 Through the years Grand Victoria has been able to make
16 economics contributions to help business along with state
17 and local communities. We have had a steady gaming revenue
18 and nongaming revenues. Gaming revenues have grown from
19 142 million in 2004 to approximately 150 million in 2006.
20 Nongaming revenues have grown from 20 million in 2004 to
21 approximately 22 million in 2006.

22 We've paid in taxes which help benefit the state and
23 local communities of about 157 million dollars. These
24 figures do not represent the total tax payments. Others
25 include state and local use tax, real property tax, and

1 employer taxes paid.

2 We recognize the importance of providing opportunities
3 for MBE and WBE businesses. For the last year to three
4 years we've consistently achieved our company goals of 11
5 percent spending for MBE's and six percent for WBE's. Our
6 MBE spending has been around 3.5 million dollars a year,
7 and our WBE spending about 2 million dollars per year.

8 The committee that we have formed that tracks all this
9 information meets on a monthly basis to insure that we
10 continue to progress forward and meet our internal goals.

11 As you can see here, here's a list of our top MBE and
12 WBE businesses. We do have some from the Indianapolis
13 market; we also have a few that have come from smaller
14 communities. I discussed how we've been able to impact the
15 state along with MBE/WBE businesses.

16 We'll now discuss how we impact our local community.
17 One of the most important economic contributions that Grand
18 Victoria has provided our local community is through the
19 Rising Sun Regional Foundation. As outlined in the
20 foundation's annual report since 1996 Grand Victoria has
21 provided 31 million dollars to the Rising Sun regional
22 Foundation.

23 The foundation at its sole discretion awards grants to
24 the following areas: Community development, human services,
25 health and medical, cultural affairs, and education. These

1 contributions do not include direct contributions given to
2 the city of Rising Sun; others may include admission tax,
3 gaming tax, and an innkeepers tax.

4 In addition to the foundation, for the last three
5 years we have contributed over 530 thousand in cash and
6 income contributions. Some of the joint marketing issues
7 that we've done through the years includes sponsorships of
8 the following events and organizations: The Rising Sun
9 River Days, Car Show, Safe Soccer, and 4-H.

10 We have many employees who volunteer their time to
11 help out over a hundred different organizations. I
12 personally volunteer my time to the following
13 organizations: The Rising Sun Ohio County Economic
14 Development Board, The Ohio Comprehensive Planning and
15 Steering Committee. I was recently on the Rising Sun Ohio
16 County Tourism Board, and I also participated as a summer
17 youth baseball coach.

18 As a former college player I use my experience to help
19 children learn and understand the game better so they can
20 enjoy the sport as much as I do. There's nothing more than
21 making a difference in a child's life, and that's why I do
22 that. I'm just a small part of what we do to help. This
23 is a small part -- I'm just a small part of what we do to
24 help the community.

25 As you can see from this brief presentation we're

1 committed to help MBE/WBE businesses, committed to our team
2 members, committed to our state, and committed to our local
3 community.

4 Do you have any questions? Answer them now or after?

5 MR. LIGUORI: Just to briefly summarize what you've
6 heard Steve talk about as well as Dan is the fact that our
7 employees are a vitally important part of our property. We
8 are uniquely situated between two of our competitors, and
9 customers have to make the decision everyday to drive by
10 them to come to us. So -- and we hear that from our
11 customers.

12 One of the things we hear over and over again is that
13 our employees take really good care of our customers to
14 make them feel at home. So one of the things that we're
15 going to be doing this November is rolling out a new
16 initiative on property called Sweet Success. And what
17 we're going to be doing is revamping our internal
18 development and training initiatives, recruitment
19 strategies, and retention strategies.

20 We know that the (inaudible) is opening up early in
21 '08, and we expect some impact on us as well. Ultimately
22 what we really want to do is hire the best and keep the
23 best. And we understand that for our success that's a
24 critical part of our formula.

25 In terms of significant projects in the future of our

1 property we have just begun the conversion of analog to
2 digital in our surveillance system. We expect that to be
3 completed during the first quarter of next year. We've
4 also started to convert a source of the electricity for the
5 riverboat from its own engines to shore based power.

6 As an aside, 1.8 million and 1.1 million respectively
7 for those projects have been awarded to minority business
8 enterprises. These projects are obviously strategic in
9 nature and have long-term benefit for the property. In
10 addition obviously we will continue to keep our gaming
11 products fresh, our facility well maintained, and continue
12 to create an environment where our customers can enjoy
13 themselves.

14 Finally, as I believe you're aware, since we've
15 suspended the sale process we've commenced an assessment of
16 options to build and preserve the value of the property.
17 In a market that changes as quickly as the one that we
18 operated in, this is not a simple task.

19 The new casino in Shelbyville will be coming and the
20 significance of the expansion in Lawrenceburg are both
21 expected to impact our profitability. The election results
22 this week in Kentucky are not encouraging for the industry
23 in Indiana. In addition the financial markets continue to
24 be unstable.

25 In spite of all those things we are committed to keep

1 the property competitive and in doing so to make
2 financially sound decisions that respect the current
3 operations and current jobs that we provide for our
4 employees.

5 Late this summer we began to explore expansion options
6 for our property.

7 MR. BARRETT: You have one minute remaining, sir. I'm
8 sorry, you have one minute remaining of -- the 15 minutes
9 was for the presentation as a whole. I'm sorry if wasn't
10 clear about that.

11 MR. JIMENEZ: Thank you very much.

12 We have retained development management company land
13 use lawyers permitting experts and architects as part of
14 our feasibility study. Simultaneously we've been
15 discussing with financial lenders the options that will
16 present themselves to finance and expansion. We've not yet
17 engaged conversations with the city of Rising Sun to
18 understand its possible financial support, because right
19 now it's a little premature.

20 But we are gratified and encouraged the city has
21 offered meaningful financial support. We expect that we
22 will be calling on the city at the appropriate time. The
23 feasibility is still underway, and as soon as that's
24 finished we'll obviously keep the city and the ICG informed
25 on what the plans are.

1 At this point I would like to bring up the host
2 community mayor, Mayor Marksberry, to say a few words.

3 MR. BARRETT: That'd be fine.

4 MR. JIMENEZ: And I would like to congratulate the
5 mayor on his reelection.

6 MR. MARKSBERRY. Good afternoon, Executive Director
7 Yelton, Commission Members, and staff. My name is Bill
8 Marksberry; I am the mayor of the city of Rising Sun.

9 First of all I would like to take the opportunity to
10 thank you for allowing me to address the city -- address
11 you today regarding the renewal of the riverboat license
12 held by Grand Vic.

13 Second, I would like to invite all of you to our city,
14 a city in which we think the benefits of riverboat gaming
15 are the most evidence of any in the host communities.

16 I stand before you today asking you to renew the
17 license issued to Grand Victoria. First of all let me
18 state that the city feels blessed with the riverboat
19 license that was issued for this boat to be docked in our
20 city. We realize that the licenses were highly sought
21 after and feel fortunate being successful.

22 Along these lines I feel the city has done a great job
23 living up to the intent of the statute to insure economic
24 development over a large geographic area. After the
25 riverboat gaming act was passed the city realized that due

1 to the small size that the reluctance would be to issue a
2 license to the boat at Rising Sun since it would mean a
3 large amount of riverboat funds flowing through this small
4 community.

5 Therefore, Rising Sun developed the first -- very
6 first revenue sharing concept. Rising Sun shares its
7 wagering tax with Ohio County, it's admission tax with
8 Aurora in Dearborn County, Patriot in Switzerland County,
9 and Ripley County, as well as six other communities located
10 in Ripley County. Rising Sun directs all those funds
11 received pursuant to the project agreement with Grand
12 Victoria to the Regional Foundation which awards grants to
13 municipalities and charitable organizations in Aurora, Ohio
14 County, and Ripley County, and municipalities located in
15 those communities.

16 With this various revenue sharing agreement the city
17 has shared over 50 million since the riverboat opened in
18 1996. We have shared information with the commission
19 regarding our concern for the lack of investment made by
20 the Grand Vic, which I seek today, and it looks like things
21 have moved along pretty good.

22 I guess I'll just move it along here just a little
23 bit. The city has been concerned since 2001 when the
24 property was not staying at the same competitive level as
25 the riverboats around us. Both in 2001 and 2004 we --

1 during the renewal hearings the city had requested Grand
2 Vic consider an expansion.

3 The concern is fueled by the importance that
4 riverboats in our community gets the largest employer in
5 the county. We want to see Grand Victoria be successful.

6 We are not trying to run the Grand Victoria's
7 business, but as an elected official I believe it is my
8 duty to try to protect the interest of the citizens of our
9 community and our region.

10 In 2005 the city offered to provide Grand Victoria
11 with tax abatements, infrastructure improvements, and other
12 incentives for the Grand Victoria to build additional
13 rooms. Grand Victoria opted at that time not to build at
14 that time; however, the city remains committed to providing
15 incentives including tax abatements and assistance with
16 needed infrastructure improvements subject to the necessary
17 approvals and applicable laws associated with the Grand Vic
18 and expansion of its hotel.

19 Grand Victoria is currently anticipating a hotel
20 addition that would exceed 40 feet in height. The
21 comprehensive plan of the city of Rising Sun does not allow
22 any buildings in the area of the riverboat to exceed 40
23 feet in height.

24 In a spirit of cooperation the city is researching if
25 the comprehensive plan can be amended without violating any

1 state or federal or permits that would -- were issued for
2 this project. We would look forward to talking with Grand
3 Victoria to see if there is an interest in working together
4 with the city to make this a reliable project. Again, all
5 applicable city approvals would have to be obtained.

6 To summarize, the city does support renewal of the
7 Grand Victoria license. We have received a copy of the
8 letter Grand Victoria submitted to the commission, and we
9 are glad Grand Victoria is willing to consider further
10 investments in the facility. But honestly we were hoping
11 for a stronger commitment because of the city concerns
12 about the long-term success of the riverboat.

13 As we have stated, the success of this boat is very
14 important to our community and the region. I believe
15 additional investment is consist with economic development.
16 The city is asking that the commission -- is not asking for
17 the commission to take sides. The city believes we all
18 have the same goal to see Grand Victoria be successful. We
19 would look to your guidance in ensuring that the capital
20 investments are made. As mayor of the city of Rising Sun I
21 believe future communications between the city and Grand
22 Victoria will be more consistent. And we look forward to
23 working with Grand Victoria in the future.

24 I would now like to call on Monte Denbo to address the
25 commission. Monte is a local businessman who was

1 instrumental in leading the charge to get the riverboat
2 here in Rising Sun. After we would be happy to answer any
3 questions that you may have. Thank you for your attention.

4 MR. BARRETT: Mayor, thank you for your presentation.
5 If I might, before we change speakers, just so my
6 colleagues and I are fully aware of your position, sir, you
7 are asking us to grant the renewal; is that correct?

8 MR. MARKSBERRY: Yes, sir.

9 MR. BARRETT: Okay, thank you very much.

10 MR. YELTON: Sir, again, on behalf of the commission
11 we wish to congratulate you on your reelection.

12 MR. DENBO: Good afternoon, thank you sir --

13 MR. BARRETT: Five minutes will wrap it up.

14 MR. DENBO: I'll be shorter; how's that. I do have
15 one other person to bring up for the regional foundation.

16 MR. BARRETT: Yes.

17 MR. DENBO: Okay.

18 MR. BARRETT: We anticipate -- just so everybody's
19 clear; we anticipate 15 minutes.

20 MR. DENBO: I'll cut it shorter than 15.

21 As the mayor indicated, my name is Monte Denbo, and
22 I'd like to urge this commission to renew the license for
23 Grand Victoria at Rising Sun. But -- and it's hard to say
24 anything negative about Hyatt Corporation. I mean, when
25 you look at the (inaudible) whatever reason we have there

1 is a strong concern with Rising Sun that they simply had
2 let the competition pass them by. And without expansion,
3 you know, we all have those concerns that this project is
4 going to continue to suffer financially.

5 The numbers are going backwards a little bit this
6 year, and obviously some of us know it's due to the
7 competition, due to the market, and we talked about the
8 financial issues and so forth. But all of us are aware of
9 the tremendous success that our neighbors to the north have
10 had. And the major expansion of Argosy is about to take
11 place; in fact I watched the first part of that boat go up
12 the river yesterday.

13 So that's a reality, and we're also aware of just how
14 successful the Belterra project has been, and it's due to
15 the fact that they spent an awful lot of capital in
16 Switzerland County.

17 You know when you look at this market and see what's
18 happening to it today you know with French Lick coming
19 along and two tracks coming on, it becomes in our opinion
20 imperative that Grand Vic make some level of investment.
21 And we're gratified to hear that they're really looking
22 seriously now at expanding their hotel, because we really
23 feel that's something that will make a major difference in
24 making it competitive for the next several years.

25 You know I think it's important to thank this

1 commission and thank the State of Indiana for having faith
2 in Rising Sun. You know the smallest -- we're one of the
3 smallest city's -- probably the smallest city in the State
4 of Indiana to have something like this happen to it. It's
5 also the smallest county in the United States, but you
6 folks in the past have confidence that we would handle
7 this, and we take this responsibility very seriously.

8 And that's one of the reasons we put the regional
9 foundation together. And this foundation, you know, has
10 just absolutely made southeastern Indiana grow, and
11 obviously we appreciate Hyatt's contribution to that.

12 It's also very important because I think there is some
13 misconceptions that Rising Sun's not looking for additional
14 dollars. We absolutely are only looking to make sure that
15 the regional foundation is protected.

16 MR. BARRETT: You have one minute, sir.

17 MR. DENBO: And so, you know, let me just wrap it up
18 by saying thank you gentleman. Thank you for your time.
19 Obviously we think its very important for these folks to
20 stay in Rising Sun. And also let me introduce Mary Ann
21 Wiggers, the president of the Rising Sun Regional
22 Foundation. Thank you.

23 MR. BARRETT: Good afternoon, ma'am.

24 MS. WIGGERS: Mary Ann Wiggers, and I've been the
25 president of Rising Sun Regional Foundation since the

1 inception in 1996. I thought it would be appropriate to
2 open with a brief remark today by reiterating what I said
3 to this commission in December of '01 at the five-year
4 license renewal that if you gave something away it returns
5 to you ten-fold.

6 That is exactly what has happened with the unique
7 creation of the Rising Sun Regional Foundation by the city
8 of Rising Sun in 1996, and it's been in operation for 11
9 years. Some of the highlights over the years, many of
10 which you have seen in the foundation's annual report sent
11 to you earlier, in late 1996 through October 31st, 2007,
12 the regional foundation received a total of over 30.6
13 million dollars in income from the Grand Victoria Casino.

14 During the same period the foundation has awarded a
15 total of 20.6 million dollars or over 57 percent of its
16 income back to the community and over 850 direct grants to
17 governmental, educational, and nonprofit organizations in
18 it's current grant making regions which includes Ohio
19 County, Ripley County, and the city of Aurora in Dearborn
20 County.

21 The regional foundation has calculated that its total
22 20.6 million dollars in grants has assisted in the
23 leveraging of approximately 230 million dollars in
24 additional funds through government, through other
25 foundations, and through personal contributions which

1 grants projects. And that's truly what the foundation has
2 given -- has given in grants has been returned ten-fold to
3 its southeast Indiana grant making regions.

4 In addition the foundation sets aside an investment of
5 25 percent of its income in a permanent reserve fund.
6 Currently its market value is over 10 million dollars. The
7 income generated from this economic fund -- endowment fund
8 will be used to insure a future grant making capacity for
9 the regional foundation. They are not in the uncertainty
10 future or viability of the Indiana casino industry.

11 The foundation has implemented this comprehensive
12 grant program while spending less than 8 percent of its
13 average annual income on administration and operational
14 expenses. And this is in light of the 10 percent that was
15 allowed by the -- in the cost of our articles of
16 incorporation.

17 Thus we can confidently say that both the creation and
18 the operation of the Rising Sun Regional Foundation has
19 been able to accomplish exactly what the original riverboat
20 legislation of the early '90s envisioned, and that was to
21 create an ongoing stream of funding to generate economic
22 development in certain disadvantaged parts of the State of
23 Indiana.

24 I've been a resident of Ripley County for 37 years,
25 and I can honestly assure you this area was so lacking in

1 infrastructure that we were in desperate need of infusion
2 of money. And so the money that has come to the area
3 through the riverboats has certainly created a lot of
4 economic growth in the area, and for that we are greatly
5 appreciative.

6 The foundation identifies economic development in its
7 broadest terms in relation to its grant program. And not
8 only does it consider new jobs and new wealth as critical
9 but also views education, housing, and a healthy
10 environment and a vibrant social life also important. The
11 latter being the kind of community access that attracts new
12 companies and other kinds of economic growth to our
13 community.

14 MR. BARRETT: Ma'am, you have one minute.

15 MS. WIGGERS: The foundation has invested 65 percent
16 of its grants in projects under the broad definition of
17 economic development. So today we are extremely supportive
18 of issuing the renewal of the licence to Grand Victoria.

19 We do have -- as has been stated before -- we do have
20 concerns with the impact of no capital investment going
21 back into Grand Victoria. Our income this year right now
22 is going to be approximately 100 thousand dollars less than
23 it has been in the years past.

24 So with that, 100 thousand can create a lot of grants
25 back to the community. So it's encouraging to hear that

1 the expansion project is back on the table with Grand
2 Victoria. Thank you very much for letting me speak to you
3 today.

4 MR. BARRETT: Thank you, ma'am. And on behalf of the
5 commissioners I would note that the contributions of the
6 city and the foundation in today's proceedings in support
7 of your application of renewal are noted, and we appreciate
8 the opportunity for the forum that you've provided to talk
9 about the issues, and thank you very much.

10 Do the commission members have any questions?

11 MR. YELTON: Excuse me Mr. Chair --

12 MR. BARRETT: I understand you have to read a letter.

13 MR. YELTON: Yes. Well, I'd like to enter the letter
14 of record. Members of the Commission, you all have a copy,
15 but just for the benefit of the audience I'll just read the
16 last paragraph and the entire copy will be entered into the
17 record.

18 This is a letter dated today. Dear Chairman Barrett
19 and Members of the Indiana Gaming Commission. Last
20 paragraph reads as follows: Therefore we proudly join
21 together to give our sincere endorsement to Grand Victoria
22 Casino and Resort by Hyatt for its community contributions
23 these last 11 years. We wholeheartedly request that the
24 Indiana Gaming Commission renew Grand Victoria's license
25 unconditionally.

1 Respectfully Yours, Senator Johnny Nugent and
2 Representative Bob Bischoff.

3 MR. BARRETT: Thank you. Any further questions or
4 comments? If not the Chair will call for a motion on
5 2007-126.

6 MR. SWIHART: Move to approve the renewal.

7 MR. MURPHY: Second.

8 MR. BARRETT: Moved and seconded to approve the motion
9 to renew the license. All in favor? All opposed.

10 (Ayes all -- nays none.)

11 MR. BARRETT: Approved unanimously. Thank you
12 gentleman. That concludes our agenda today other than to
13 announce our next meeting.

14 MR. MURPHY: Thank you, Mr. Chairman, tentatively the
15 next regularly scheduled meeting of the Indiana Gaming
16 Commission will be conducted on March 6th, 2008 in
17 Indianapolis. As usual, it's always subjected to change.

18 MR. BARRETT: Anything further from the commission
19 members?

20 Thank you ladies and gentlemen and good day. We are
21 adjourned.

22 (The meeting was adjourned at 2:40 p.m.)

23 *****
24
25

STATE OF INDIANA)
)
 COUNTY OF JASPER)

REPORTER'S CERTIFICATE

I, NANCY L. CEGLAREK, do hereby certify and state the above and foregoing 73 pages is a true, correct, and complete transcript of the INDIANA GAMING COMMISSION Business Meeting, taken by me on said date, transcribed by me from my original stenotype notes, and reduced to typewriting by me.

I further certify that I am not related to, employed by, or interested in any party to this action.

IN WITNESS WHEREOF, I hereby affix my name and seal this 28 day of December, 2007.


 NANCY L. CEGLAREK
 Court Reporter and Notary Public

SEAL

My commission expires October 31, 2009.