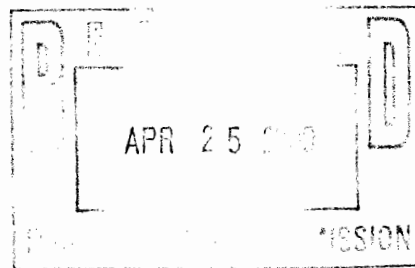


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BUSINESS MEETING  
INDIANA GAMING COMMISSION  
March 30, 2000

Transcript of the Business Meeting of the  
Indiana Gaming Commission held on March 30, 2000, at  
the Office of the Indiana Gaming Commission, 115 West  
Washington Street, South Tower, Suite 950,  
Indianapolis, Indiana, commencing at 10:02 a.m.

Reported by: Carol S. Loewen



**COPY**

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Indianapolis, Indiana 46204  
(317) 231-9004

## 1 APPEARANCES:

2 Donald Vowels, Chairman  
3 Thomas Milcarek, Secretary  
4 Jack Thar  
5 David Carlton  
6 Billy Hamilton  
7 Richard Darko  
8 Rhonda Dalton  
9 John Krause  
10 Jennifer Chelf  
11 Robert Pickus  
12 Greg Hahn, Esq.  
13 Bruce McKee  
14 Ron Gifford, Esq.  
15 Wally Barr  
16 John Wallis  
17 Scott LaPorta  
18 Barry Morris  
19 Bernie DeLury  
20 Michael Walsh  
21 Ed Garrutto  
22 Brian Burdock, Esq.  
23 Larry Townsend  
24 Don Perlyn  
25 Members of the Public

1                   CHAIRMAN VOWELS: All right. We'll call  
2 the meeting to order. We do have a quorum here,  
3 four of the seven commissioners. To begin with,  
4 what I'd like to do is welcome our newest  
5 commissioner, David Carlton, to my left. David  
6 was born in 1936 in Marion, Indiana. He  
7 attended Indiana University and in 1958 received  
8 a degree in business. That same year  
9 Mr. Carlton married and moved to New Albany,  
10 Indiana where he accepted a job with Robinson  
11 Nugent, Incorporated, a manufacturer of  
12 electronic components. Robinson Nugent supplies  
13 technological equipment to such industries as  
14 the automotive and computer industries and now  
15 has operations all over the United States and in  
16 Asia and Europe. Mr. Carlton retired from  
17 Robinson Nugent as vice president for human  
18 resources in 1984.

19                   Mr. Carlton and his wife Marcy now enjoy  
20 splitting their time between homes in Borden,  
21 Indiana and Bonita Springs, Florida. They also  
22 enjoy traveling to see their daughters Jan and  
23 Kim. Jan is married and has two children and  
24 lives in Georgia. Kim who is married with four  
25 children lives in San Diego.

1 Mr. Carlton has been involved in the United  
2 Way and other charitable and civic organizations  
3 and now serves on the National Board of  
4 Directors for the IU Varsity Club. And I'd like  
5 us all to welcome Commissioner Carlton.

6 MR. CARLTON: Good morning.

7 (Applause)

8 CHAIRMAN VOWELS: The first matter on the  
9 agenda is in reference to the minutes of the  
10 January 27, 2000 telephonic business meeting.  
11 Unfortunately, Commissioner Milcarek was not  
12 present at that time, and to approve the minutes  
13 we need at least four votes and that's not  
14 possible today. So what we'll do is table any  
15 discussion in reference to those minutes until  
16 the next meeting.

17 Then the next matter on the agenda is the  
18 report of the executive director.

19 And Mr. Thar?

20 MR. THAR: Yes. Good morning,  
21 Mr. Chairman, members of the Commission. The  
22 court reporter has asked a couple of things, so  
23 we'll start out with that business. First of  
24 all, when you come to address the Commission, if  
25 you'll please identify yourself and please speak

1 loudly because she has a hard time hearing not  
2 over -- not only over kind of the dint of the  
3 crowd, but of the fan which is ever present  
4 background noise here. So if you could remember  
5 to identify yourself and speak clearly and  
6 project, it will help her out.

7 Is there anything else you'd like?

8 THE COURT REPORTER: No.

9 MR. THAR: Easily satisfied I see.

10 With regard to my report, I'm going to keep  
11 it brief this morning. The first matter is the  
12 matter of new employees, and I'd like to  
13 introduce and welcome to the Commission staff  
14 Billy Hamilton who's sitting to my right.  
15 Billy's been hired as the deputy director for  
16 the Indiana Gaming Commission. Billy's  
17 originally from Sullivan County, Indiana where  
18 he graduated from North Central High School in  
19 Sullivan County and then Indiana University.

20 Billy is retired from the Federal Bureau of  
21 Investigation where we had 34 years of service.  
22 In his FBI career he was assigned to the FBI  
23 headquarters in Washington D.C. and to the FBI  
24 field offices located in Cleveland, Ohio, and he  
25 ended his career here in Indianapolis, Indiana.

1 He resides with his wife and son where else but  
2 in Hamilton County, Indiana.

3 So we welcome you to the Commission, Billy,  
4 and thanks for joining us.

5 MR. HAMILTON: Thank you.

6 MR. THAR: Also, Carol Raftery (phonetic),  
7 stand up, please. Thank you. Carol is our new  
8 receptionist. She was previously employed in  
9 the catering business until she decided to  
10 return to office work which was our luck. She  
11 resides in Franklin, Indiana, and we welcome her  
12 here to join our family. And the nice work  
13 she's done already as our receptionist, she got  
14 yesterday off when our incoming lines closed  
15 down.

16 One item that is not on the agenda that  
17 needs to be reported is an item with regard to  
18 Grand Victoria. Grand Victoria Casino and  
19 Resort and Rising Sun was assessed an  
20 administrative late charge by the lobbying  
21 commission. If I have the facts correctly --  
22 and my guess is there's some people here that  
23 could correct me if I don't -- Grand Victoria  
24 filed some reports with the lobbying  
25 commission. The lobbying reports contained

1 information that should not have been in the  
2 report. Whether it was too much information or  
3 too little information I'm not quite clear on.  
4 In any event, they were forced to filed new --  
5 or required to file new reports. When the new  
6 reports were filed, they were late. So the  
7 reports that were originally filed because they  
8 had not filed them correctly were timely. When  
9 they re-filed, the re-filings were late and  
10 that's why it's an administrative late fee  
11 rather than any kind of a punitive late fee.

12 Other than that, the remaining aspects of  
13 the staff's activities since our telephone  
14 meeting have been centered upon the items in the  
15 agenda, the items that would have been on the  
16 agenda had we had more than four members, as  
17 well as items that will be presented at the next  
18 meeting. So there are -- and that is my  
19 report. If there are any questions, I'll be  
20 glad to answer them.

21 CHAIRMAN VOWELS: Questions of Mr. Thar?  
22 Thank you, Mr. Thar.

23 Then is there anything under old business?

24 MR. THAR: Not that I'm aware of.

25 CHAIRMAN VOWELS: Okay. Then under new

1 business the first matter of the agenda is with  
2 John Krause, the Resolution 2000-6.

3 Mr. Krause?

4 MR. KRAUSE: Thank you, Mr. Chairman,  
5 members of the Commission. You have before you  
6 Resolutions 2000-6 and 2000-7 which both concern  
7 a rule which was previously adopted by the  
8 Commission as an emergency rule in January. As  
9 you may recall, the substance of the rule  
10 changes the way riverboat licensees can count  
11 expenditures made to vendors which are certified  
12 as both minority business enterprises and  
13 women-owned business enterprises. Previously  
14 riverboats were allowed to count these  
15 expenditures toward both goals. The new rule  
16 allows counting toward only one of these goals  
17 which is to be decided by the riverboat  
18 licensee.

19 Since the adoption of that emergency rule  
20 in January, the Commission staff has taken the  
21 necessary steps including publication and  
22 hearing for the Commission to consider the rule  
23 for adoption as a final rule which takes the  
24 form of Resolution 2000-7. However, the  
25 emergency rule which was effective February 1st



1 will expire April 30th, and so in order to  
2 accommodate the signature process that the final  
3 rule must go through, we need to go ahead and  
4 extend the emergency rule which is  
5 Resolution 2000-6 which will extend the  
6 emergency rule another 30 days -- or 90 days.

7 CHAIRMAN VOWELS: All right. Any questions  
8 then for Mr. Krause?

9 We'll take these one at a time then. We  
10 have in front of us Resolution 2000-6. It's a  
11 resolution extending the original emergency rule  
12 adopted by the Commission on January 27, 2000.  
13 Is there a motion in reference to that  
14 resolution?

15 MR. HAMILTON: I move to approve.

16 CHAIRMAN VOWELS: Is there a second?

17 MR. DARKO: Second.

18 CHAIRMAN VOWELS: Is there any further  
19 discussion?

20 All those in favor say aye.

21 THE PANEL: Aye.

22 CHAIRMAN VOWELS: We'll show the  
23 resolution's approved.

24 And then Resolution 2000-7 which is a  
25 resolution adopting an amendment to 68 IAC 3-3-

1 as a final rule, is there any motion in  
2 reference to that resolution?

3 MR. MILCAREK: I'll move to adopt.

4 CHAIRMAN VOWELS: Is there a second?

5 MR. DARKO: I'll second.

6 CHAIRMAN VOWELS: Any further discussion?

7 All those in favor of the resolution say  
8 aye.

9 THE PANEL: Aye.

10 CHAIRMAN VOWELS: We'll show that it's  
11 adapted.

12 And, Mr. Krause, I think that does it for  
13 you; is that right?

14 MR. KRAUSE: Yes. Thank you.

15 CHAIRMAN VOWELS: And then we have  
16 Resolution 2000-8 and we turn to Jenny Chelf.

17 Ms. Chelf?

18 MS. CHELF: Thank you. Mr. Chairman and  
19 members of the Commission, you have before you  
20 Resolution 2000-8 which would adopt as final  
21 rule document 98-285. This document contains  
22 various new rules and amendments to existing  
23 rule. This rule was published as a proposed  
24 rule in the Indiana Register on November 1,  
25 2000. We held a public hearing to consider this

1 amendment on November 30, 2000. We received no  
2 public comment regarding this amendment. If the  
3 Commission adopts this resolution, the rule will  
4 be forwarded to the Attorney General's office  
5 and the Governor's office for review and  
6 signature.

7 Are there any questions?

8 CHAIRMAN VOWELS: Any questions of  
9 Ms. Chelf?

10 All right. Thank you, Ms. Chelf.

11 In reference to Resolution 2000-8 which is  
12 a resolution adopting as final rules all those  
13 numbers listed, is there a motion?

14 MR. MILCAREK: Motion to adopt.

15 CHAIRMAN VOWELS: Is there a second?

16 MR. CARLTON: Second.

17 CHAIRMAN VOWELS: Any further discussion?

18 All those in favor say aye.

19 THE PANEL: Aye.

20 CHAIRMAN VOWELS: Resolution 2000-8 is  
21 adopted.

22 And then, Ms. Chelf, you have in reference  
23 to an occupational license; is that right?

24 MS. CHELF: Commissioner, you have before  
25 you an order that if approved would affirm the

1 staff's action revoking the temporary  
2 occupational license of Santrina Ward and  
3 denying her application for permanent license.  
4 Ms. Ward was a cage cashier at Harrah's Casino  
5 beginning in September 1999. December 1999 it  
6 was discovered that she had stolen \$1,000 in  
7 cash from the casino while performing her duties  
8 in the cage. Harrah's terminated Ms. Ward for  
9 this incident.

10 The Commission staff revoked her temporary  
11 occupational license and denied her application  
12 for a permanent license. The Commission staff  
13 recommends that the Commission uphold the  
14 revocation of her temporary occupational license  
15 and the denial of her application for a  
16 permanent license. If the Commission upholds  
17 the staff's action, she will have the  
18 opportunity to appeal to an administrative law  
19 judge.

20 CHAIRMAN VOWELS: All right. Any questions  
21 then for Ms. Chelf?

22 Then we have in front of us the Commission  
23 action on the revocation of the temporary  
24 license and reference to the application for the  
25 occupational license. Is there a motion to

1 either deny or approve the application for the  
2 occupational license?

3 MR. MILCAREK: I will move to deny the  
4 application.

5 CHAIRMAN VOWELS: All right. Is there a  
6 second?

7 MR. DARKO: Second.

8 CHAIRMAN VOWELS: Any further discussion?  
9 All those in favor of the denial of the  
10 occupational license say aye.

11 THE PANEL: Aye.

12 CHAIRMAN VOWELS: Okay. Thank you,  
13 Ms. Chelf.

14 The next matter on the agenda is with  
15 Michelle Marsden, Resolution 2000-9. There you  
16 are.

17 MS. MARSDEN: Good morning. Before you is  
18 Resolution 2000-9 concerning the issuance of  
19 permanent occupational licenses for employees  
20 who have been found suitable to receive  
21 permanent occupational licenses at the following  
22 riverboats: Casino Aztar, Majestic Star, Trump  
23 Indiana, Empress Casino Hammond, Harrah's East  
24 Chicago, Indiana Gaming Company and Grand  
25 Victoria. This resolution applies to all the

1 individuals set forth on the confidential list  
2 labeled Permanent Licensures February 6, 1999  
3 through March 28th of 2000. The permanent  
4 occupational licenses will be valid for a period  
5 of one year from the date badges are issued to  
6 these individuals by the Commission.

7 CHAIRMAN VOWELS: Any questions then for  
8 Ms. Marsden?

9 There is a confidential list of all of  
10 these people who have received this if this  
11 resolution's approved? In the past have we  
12 received those? It seems like I've seen those  
13 in the past, the listing of people who were  
14 receiving the license.

15 MR. DARKO: There were people named Balls  
16 on it, that's --

17 CHAIRMAN VOWELS: Were there?

18 MR. DARKO: -- correct.

19 MS. MARSDEN: Yes, there was, but --

20 CHAIRMAN VOWELS: Okay.

21 MR. THAR: What transpired with regard to  
22 this one, in the past we've done them one vote.  
23 This time we've got six.

24 CHAIRMAN VOWELS: Oh. So there's a --

25 MR. THAR: This list is --

1 CHAIRMAN VOWELS: That big?

2 MR. THAR: Yeah. So as a result, we did  
3 not copy it, but we will if you promise to read  
4 it.

5 MR. DARKO: We aren't licensing anybody  
6 named Balls this time.

7 CHAIRMAN VOWELS: I hope not.

8 MR. THAR: So the other aspect is that the  
9 Commission has taken the position that with  
10 regard to occupational licensees, first and last  
11 names, home addresses, et cetera are not public  
12 record, the reason being is we've had too many  
13 incidents of stalkers and other problems  
14 particularly with regard to the cocktail  
15 waitresses. The only public information with  
16 regard to the people are what you could gain if  
17 you were on the boat which would be a first name  
18 plus a license number and that. This list does  
19 not call down that far because we use it for  
20 billing purposes for the boats also.

21 CHAIRMAN VOWELS: Okay. I was just curious  
22 because --

23 MR. THAR: We do have it available for your  
24 perusal.

25 CHAIRMAN VOWELS: Okay. All right then.

1 Any questions then for Ms. Marsden?

2 Then we have Resolution 2000-9 which is a  
3 resolution concerning the issuance of permanent  
4 occupational licenses, and as you see, the list  
5 is there for each of those boats. Is there a  
6 motion in reference to this resolution?

7 MR. DARKO: Move to adopt.

8 CHAIRMAN VOWELS: Is there a second?

9 MR. CARLTON: Second.

10 CHAIRMAN VOWELS: Any further discussion?  
11 All those in favor of the resolution say  
12 aye.

13 THE PANEL: Aye.

14 CHAIRMAN VOWELS: And it is approved.

15 And, Ms. Marsden, looks like you have a  
16 couple more.

17 MS. MARS DEN: Next is Resolution 2000-10  
18 and it's a granting of suppliers' licenses to  
19 Dallmann Systems, Inc. and Bally Gaming, Inc.  
20 Dallmann Systems is an alarm company  
21 specializing in buyer access control and close  
22 circuit television and currently provides  
23 security equipment at the land-based sight at  
24 Caesars Indiana. They are a privately-owned  
25 company and located in Jefferson, Indiana.



1           Bally Gaming, Inc. is a subsidiary of  
2 Alliance Gaming Corp. which supplies slots,  
3 video, touch and coin-operated machines and  
4 monitoring systems. Alliance Gaming Corp. and  
5 its -- and/or its subsidiaries maintain  
6 suppliers and manufacturer licenses in 15  
7 jurisdictions and are in good standing with  
8 all. Bally Gaming, Inc. received a temporary  
9 suppliers' license in June of -- June 13th of  
10 1997. Bally Systems -- Dallmann Systems, Inc.  
11 and Bally Gaming, Inc. suppliers' license will  
12 be valid for a period of one year.

13           Issuance of the suppliers' license is  
14 conditioned upon payment of the cost of the  
15 license investigation and the payment of the  
16 5,000 license -- \$5,000 license fee. If payment  
17 is not received as directed by the Commission  
18 staff, their license will be subject to  
19 revocation.

20           That's it.

21           CHAIRMAN VOWELS: Any questions then?

22           Then Resolution 2000-10 which deals with  
23 granting suppliers' license to Dallmann Systems,  
24 Inc. and Bally Gaming, Inc., is there a motion?

25           MR. DARKO: Move to adopt.

1 CHAIRMAN VOWELS: Is there a second?

2 MR. CARLTON: Second.

3 CHAIRMAN VOWELS: Is there any further  
4 discussion?

5 All those in favor of the resolution say  
6 aye.

7 THE PANEL: Aye.

8 CHAIRMAN VOWELS: We'll show that it's  
9 approved.

10 And then, Ms. Marsden, you have  
11 Resolution 2000-11?

12 MS. MARSDEN: Yes. Resolution 2000-11 is  
13 concerning the renewal of suppliers' licenses.  
14 On February 26th of 1999 a resolution -- by  
15 Resolution 1999-2 the Indiana Gaming Commission  
16 granted a suppliers' license to AC Coin and  
17 Gamecash, Inc. On March 17th of 1998 by  
18 Resolution 1998-7 the Indiana Gaming Commission  
19 granted a suppliers' license to WMS Gaming,  
20 Lodging & Gaming Systems and Anchor Coin. One  
21 of the conditions placed on a suppliers' license  
22 is that they must request the renewal of their  
23 suppliers' license at least 30 days before the  
24 expiration in accordance with 68 IAC 2-2-8.

25 The Commission staff has received a request

1 for renewal from all the suppliers, but the  
2 renewal will be conditioned upon payment of the  
3 renewal fee. If the payment is not received as  
4 directed by the Commission staff, their license  
5 will be subject to revocation. These suppliers'  
6 licenses remain suitable for licensure, so  
7 before you is Resolution 2000-11 for the renewal  
8 of the above-listed suppliers.

9 CHAIRMAN VOWELS: All right. Thank you,  
10 Ms. Marsden.

11 Any questions for her?

12 Then in reference to this resolution, is  
13 there a motion?

14 MR. MILCAREK: Motion to adopt.

15 CHAIRMAN VOWELS: Is there a second.

16 MR. DARKO: Second.

17 CHAIRMAN VOWELS: Any further discussion?

18 All those in favor of Resolution 2000-11  
19 say aye.

20 THE PANEL: Aye.

21 CHAIRMAN VOWELS: Show that it's approved.

22 And, again, thank you, Ms. Marsden.

23 And the next matter on the agenda is Trump  
24 Indiana Hotel financing/restructuring. And,  
25 Mr. Thar?

1 MR. THAR: Yes. We received a request from  
2 Trump Indiana to refinance an existing debt with  
3 regard to their hotel. This is the first  
4 meeting that this has been presented at. There  
5 is a request for a waiver of a two-meeting rule,  
6 and I see that Mr. Pickus is here on behalf of  
7 Trump Indiana.

8 Bob, would you like to step up and make a  
9 presentation, Mr. McKee, you, or Mr. Hahn?

10 MR. HAHN: My name's Greg Hahn for the  
11 record, counsel for Trump Indiana. Bruce McKee  
12 is general manager of Trump, and obviously  
13 Mr. Pickus is here as general counsel of Trump  
14 Hotel and Casinos, and we're willing to answer  
15 any questions that you have. We've given all  
16 the material to the staff, and Mr. McKee can  
17 answer those questions, however you want us to  
18 proceed.

19 MR. THAR: Mr. McKee, maybe if you could  
20 take a seat with Mr. Hahn and Mr. Pickus and if  
21 you could just explain to the Commission I think  
22 generally what the financing does. It's our  
23 understanding from prior discussions that the  
24 financing provides better terms than the  
25 existing hotel financing.

1 MR. McKEE: Yes, be happy to. As I was  
2 introduced, I'm Bruce McKee, general manager of  
3 Trump Indiana. This transaction contemplates a  
4 refinancing of the hotel mortgage only. It's in  
5 the approximate amount of \$13 million. It takes  
6 us to a better rate. It's tied to prime. It's  
7 a better term for us. Our original mortgage was  
8 five years of which there's three-and-a-half  
9 years remaining. This transaction will allow us  
10 a payback term of eight years which is a little  
11 bit more normal for a mortgage loan and it frees  
12 up approximately \$3 million a year of cash flow  
13 that we can -- we need. We'd like to have that  
14 financial flexibility so that we can redirect  
15 that cash into equipment or other operational  
16 needs around the property.

17 If there's other questions, I'll be glad to  
18 address them. But it's a small part of our  
19 overall debt structure of the property. As I  
20 mentioned, it's \$13 million. We have 150  
21 million invested in the property at this point,  
22 so we think it's a better financing transaction  
23 for the company at least with respect to the  
24 hotel loan.

25 MR. MILCAREK: Will the savings by this

1 transaction remain in the area?

2 MR. McKEE: Yes. We intend to use the  
3 additional cash flow for operational needs and  
4 equipment acquisition and other investment in  
5 the property.

6 MR. THAR: To what extent will the savings  
7 be utilized to defer or help make interest  
8 payments attributable to the Gary property?  
9 There's been some press lately which indicates  
10 the interest payment coming due.

11 MR. McKEE: Don't know that the cash -- it  
12 will just be -- Director Thar, it would just be  
13 additional cash flow not earmarked for any  
14 particular purpose. It's for working capital.  
15 It could be used for interest or payment of  
16 bills, or what I like to think of it is toward  
17 additional capital improvement in the property  
18 whether it be the garage or additional equipment  
19 or whatever.

20 MR. THAR: I understand that, but my  
21 question was: To what extent, if any, will it  
22 be earmarked for interest payments attributable  
23 to the Gary property?

24 MR. McKEE: It's not earmarked for interest  
25 payments.

1 MR. THAR: Can you comment any further  
2 about the news report that have been coming out  
3 this past week concerning the question of  
4 whether or not there will be problems making the  
5 interest payment coming in June?

6 MR. PICKUS: Yeah, I'm Bob Pickus,  
7 P-i-c-k-u-s, executive vice president and  
8 general counsel of Trump Hotels & Casino  
9 Resorts. With due respect to our media friends  
10 here, media reports are interesting reading  
11 especially when you have all the facts. The  
12 debt that has apparently been the subject of  
13 some media interest in the past number of days  
14 or weeks is debt that is resident with the  
15 holding company of Trump Indiana and not Indiana  
16 itself. I believe the Commission is aware of  
17 that, but it's been less than clear in the media  
18 reports.

19 The sources that are available for the  
20 payment of the interest payment on that debt  
21 which is due in the middle of June are many and  
22 they're not limited to Trump Indiana. There are  
23 other sources and other corporate assets that  
24 are available to make any interest payment, and  
25 it is fully expected at this time that that

1 interest payment will be made.

2 The savings that Bruce has just described  
3 that will result from this refinancing  
4 transaction will be cash that are available to  
5 Trump Indiana for its various obligations  
6 including its continuing obligation with its  
7 development agreement with the city of Gary.

8 MR. DARKO: Do I understand the loan is  
9 going from one Indiana-based lender to another  
10 Indiana-based lender mercantile?

11 MR. PICKUS: That's correct.

12 MR. DARKO: Thank you.

13 CHAIRMAN VOWELS: And nothing in this  
14 financing encumbers the license in any way?

15 MR. HAHN: No, it does not.

16 MR. PICKUS: Not at all.

17 MR. THAR: We received a fax yesterday  
18 evening from Mr. Hahn, his firm indicating that  
19 they have reviewed the documents and that  
20 they -- that review indicates it does not  
21 pledge, hypothecate nor -- the license nor is  
22 money being borrowed against it and the other  
23 aspects of the statute require, and Mr. Hahn  
24 delivered the original of that opinion this  
25 morning.



1 CHAIRMAN VOWELS: Okay. All right. Are  
2 there any other questions for the gentlemen?

3 Your request then is the waiver of the  
4 two-meeting rule and then approval of the  
5 financing; is that correct, that it in a  
6 nutshell?

7 MR. PICKUS: Yes, sir.

8 CHAIRMAN VOWELS: All right. If there  
9 aren't any other questions for him, we can look  
10 at Resolution 2000-12 which concerns the  
11 financing by Trump Indiana, Inc., and it's in  
12 two parts to either approve or disapprove the  
13 waiver of the two-meeting rule. And if that  
14 would be approved, then the next question is the  
15 approval or disapproval of their request for the  
16 secured loans subject to the review and approval  
17 of the terms of the final draft and associated  
18 documents by the Commission staff. Is there a  
19 motion in reference to Resolution 2000-12 either  
20 to approve or disapprove and then onto the  
21 approve or disapprove the next section?

22 MR. MILCAREK: I would move to approve the  
23 waiver of the rule and to approve the  
24 resolution.

25 CHAIRMAN VOWELS: You want to approve the

1 request for the loan?

2 MR. MILCAREK: Yes.

3 CHAIRMAN VOWELS: All right. Then we have  
4 an approve and approve motion before us. Is  
5 there a second?

6 MR. DARKO: Second.

7 CHAIRMAN VOWELS: Is any further  
8 discussion?

9 All those in favor of approving the waiver  
10 and the secured loan say aye.

11 THE PANEL: Aye.

12 CHAIRMAN VOWELS: We'll show  
13 Resolution 2000-12 is passed. All right.

14 Thank you.

15 MR. PICKUS: Thank you.

16 CHAIRMAN VOWELS: Then, Mr. Thar, it looks  
17 like the next matter on the agenda is with you  
18 which is Resolution 2000-13 dealing with the  
19 application of Park Place Entertainment to  
20 acquire the ownership of Caesars.

21 MR. THAR: Yes. We have a couple of  
22 aspects, all of which deal with RDI/Caesars here  
23 in Indiana. The first aspect is the aspect of,  
24 first, the decision by the Commission as to  
25 whether or not to approve Park Place's

1 acquisition of Caesars and subsequently then the  
2 82-percent interest in the Harrison County  
3 project; and, secondly, as a part of that, if  
4 they grant that, is to determine whether or not  
5 we're also going to approve the \$500 million  
6 financing that they entered into six, eight  
7 weeks ago.

8 Mr. Ron Gifford with the firm of Baker &  
9 Daniels is here as are quite a few people from  
10 Park Place as well as RDI as well as Caesars  
11 World. So, Ron, if you're the right person, we  
12 call upon you to start that aspect of the  
13 presentation that would deal with Park Place and  
14 its acquisition of Caesars World.

15 MR. GIFFORD: Thank you, Mr. Thar. And  
16 with the Commission's approval, I'll have a few  
17 folks come up here to the table who are going to  
18 participate in the presentation.

19 (Mr. Gifford hands the Panel a document.)

20 MR. GIFFORD: Mr. Chairman and members of  
21 the Commission, I'm Ron Gifford with the Baker &  
22 Daniels law firm representing Park Place  
23 Entertainment Corporation. I'd like to make a  
24 brief presentation to you about -- today about  
25 Park Place indicating why we believe that Park

1 Place satisfies the statutory criteria to have  
2 the interest -- to have the Commission approve  
3 the transfer of the ownership interest in the  
4 Indiana riverboat license to Park Place. And  
5 participating in our presentation today are four  
6 individuals. Let me introduce them and then  
7 introduce other members of the Park Place  
8 management group to you.

9 First, Mr. Wally Barr who is the executive  
10 vice president for Park Place, eastern region,  
11 also is the co-chairman of the board of Caesars  
12 World, Inc. Wally will briefly talk about Park  
13 Place, describe the corporation, its holdings  
14 and other jurisdictions, its experience there  
15 and talk a little bit about the Caesars  
16 property.

17 John Wallis, a native of South Bend and a  
18 graduate of Indiana University, is the vice  
19 president for purchasing, eastern region, and  
20 John will talk about Park Place's general  
21 program relating to MBE/WBE purchases and its  
22 experience in those regards.

23 Barry Morris, officially a Hoosier as of  
24 this week, is the general manager of the Caesars  
25 Indiana riverboat property, just relocated his

1 family to Harrison County this week and is in  
2 the middle of unloading boxes.

3 MR. MORRIS: That's correct. Good morning.

4 MR. GIFFORD: And then Scott LaPorta is  
5 executive VP and CFO for Park Place and will  
6 talk about some of the financial aspects of the  
7 company as well as the specifics of the  
8 financing that you have before you for approval.

9 And then if I could ask some of the other  
10 members of the team to stand up, Bernie DeLury  
11 is senior vice president and general counsel for  
12 Park Place, eastern region; Bob Kelly is VP for  
13 construction of the mid-south region and is  
14 working very closely with the folks in Harrison  
15 County on the build-out and the construction of  
16 the facilities there; Michael Walsh who you know  
17 in his former capacity as general manager of the  
18 Caesars property here is now the general manager  
19 of Caesars Atlantic City; and finally, Ed  
20 Garrutto is VP for finance at the Caesars  
21 property. And all of them are available to  
22 answer questions if none of us can figure out  
23 what the right answer is.

24 One last introductory remark, we understand  
25 that there are some specific issues that the

1 Commission has been dealing with and is  
2 interested in as it relates to the Caesars  
3 property here, in particular issues relating to  
4 MBE/WBE compliance where the property is in  
5 terms of its activity on the action plan that  
6 the Commission considered at its November  
7 meeting, other issues relating to the  
8 facilities, issues concerning the golf course  
9 and things like that. We understand from  
10 Mr. Thar that those issues will be the subject  
11 of either the next or a Commission meeting to  
12 happen quickly and those issues will be dealt  
13 with in more detail and specifically at that  
14 point.

15 So for purposes of our presentation today,  
16 although we might generally touch upon some of  
17 those topics, based on our conversation, we  
18 don't plan to go into the specifics of those  
19 issues this morning. Of course, if any of you  
20 have questions about those, we'd be happy to  
21 answer them.

22 With that I'll turn it over to Mr. Barr to  
23 talk briefly about Park Place.

24 MR. BARR: Okay. Thank you, Ron. And good  
25 morning. As Ron had indicated, I'm executive

1 vice president of Bally's -- or Park Place  
2 Entertainment Corporation in charge of the  
3 eastern division. The eastern division  
4 encompasses our east coast operations in Atlantic  
5 City as well as our Canadian operations in  
6 Windsor and Nova Scotia as well as what we refer  
7 to as the mid-south region. The mid-south  
8 region within the organization is comprised of  
9 our Louisiana riverboat in New Orleans, our five  
10 casinos in the state of Mississippi and the  
11 casino operation here in Indiana.

12 Within those operations we have  
13 consolidated an office in Gulfport, Mississippi  
14 which is a regional corporate office for us, and  
15 out of that regional corporate office will come  
16 the support for the Indiana riverboat. We have  
17 as been suggested, Barry Morris relocated up  
18 here from our Gulfport operations to assume the  
19 general manager's role of the boat. He will  
20 report in to a gentleman, Mr. Tom Broshik,  
21 (phonetic) who is the president of our mid-south  
22 region. Barry is stationed here on a permanent  
23 basis, Tom will be here on a very frequent basis  
24 overseeing our investment and our operations  
25 here in Indiana, and on a less frequent basis

1 I'll be here overseeing both of them but  
2 obviously available telephonically and through  
3 written communication to help guide the  
4 investment and the operations.

5 In terms of Park Place itself, not only do  
6 we operate in the east coast and the mid-south  
7 operations, we have other operations in the  
8 state of Nevada to include Las Vegas, to include  
9 Reno and Lake Tahoe as well as other locations  
10 throughout the world. Park Place Company was  
11 formed out of a merger of Bally Entertainment  
12 Corporation at the time in 1996 with Hilton  
13 Hotels Corporation. In 1998, Hilton Hotels  
14 decided to spin out the hotel division into one  
15 corporation and continued to be known as Hilton  
16 Hotels, and the new corporation as Park Place  
17 Entertainment was a reformation of their then  
18 holding of casino assets along with a merger of  
19 Grand Casinos, Inc. into Park Place  
20 Entertainment Corporation, so subsequent to that  
21 merger this December completion of the merger  
22 with Park Place Entertainment Corporation with  
23 Caesars World, Inc. which forms today the  
24 roughly 20 casino hotels that we own and operate  
25 throughout the United States and another seven



1 or eight units throughout Canada and the  
2 remainder of the world.

3 As I said in terms of our corporate  
4 structure, we're large in terms of being able to  
5 bring we feel a lot of benefits to Indiana and  
6 to the Indiana operations. Specifically we have  
7 accumulation of various talents and disciplines  
8 throughout the organization that are all  
9 available to Barry and his people. Whether that  
10 be purchasing, construction, finance,  
11 operations, casino, whatever it is, we have  
12 those assets available to us, not only from the  
13 eastern operations or the mid-south operations  
14 but from the western operations.

15 We clearly understand and acknowledge that,  
16 as a result of this acquisition, that Park Place  
17 is assuming to acquire Caesars' obligation made  
18 not only to the Commission but to the county,  
19 the community as well as the state and that we  
20 intend to meet or exceed those expectations in  
21 the performance of those obligation.

22 MR. GIFFORD: Unless there are any specific  
23 questions at this point of Wally, Scott LaPorta  
24 will talk a little bit about the financial  
25 aspects of the company including the financing

1           that's before you.

2                   MR. LaPORTA:   Good morning.   I'm Scott  
3           LaPorta, executive vice president and chief  
4           financial officer of the corporation.   I have  
5           responsibilities for corporate finance  
6           accounting reporting, tax matters, cash  
7           management and investor relations for the  
8           corporation.   I'd like to touch upon three  
9           topics:   Our overall company's credit profile,  
10          the Caesars World acquisition as well as the  
11          financing for that acquisition, and generally  
12          how we finance our company.

13                   First of all with the credit profile, Park  
14          Place Entertainment is the largest gaming  
15          company in the world.   Consensus analyst  
16          estimates for our EBITDA this year is around  
17          \$1.3 billion.   We are the most diversified  
18          gaming company in the world and that's both  
19          geographically as well as by customer type.   We  
20          like to think of ourselves as having a third of  
21          our profits in each one of the major regions of  
22          the country that Wally explained, that being the  
23          west, the mid-south and the east.   We also serve  
24          customers up and down the spectrum of -- from  
25          lower end plate to the higher end plate.

1           Our debt to EBITDA, one of the most  
2 commonly referred to measures in taking a look  
3 at the credit ratings, is right around four  
4 times and should be below four times by the end  
5 of this year. Our debt to total intrinsic value  
6 of the firm is right around 40 percent, so debt  
7 to total assets is about 40 percent, so good  
8 shape there.

9           One of the things I like to take a look at  
10 is the free cash flow estimates for our  
11 company. This is money that's left over at the  
12 end of the day for which we have the ability to  
13 spend as we choose. The estimates there are for  
14 us to have in excess of \$500 million in the year  
15 2000 and in excess of 600 million for the years  
16 thereafter. So obviously we have a lot of  
17 financial flexibility. And most importantly we  
18 are an investment-grade-rated company from all  
19 three of the major credit rating agencies, and  
20 that gives us access to the public markets on a  
21 fairly liquid basis.

22           Taking a look at the Caesars World  
23 acquisition, we paid approximately \$3 billion  
24 for all of the Caesars World and Sheraton gaming  
25 assets from Starwood. The transaction was very

1 strategic for us, and what I mean by strategic  
2 is we look at two things. Number one is it  
3 gives us more diversification. If you look at  
4 the earnings and cash flow out of the  
5 transaction, about 25 percent of it comes from  
6 jurisdictions where we aren't one of the primary  
7 jurisdiction as Indiana, so that was very  
8 strategic for us to get into this marketplace.  
9 It also gave us some built-in growth again such  
10 as in Indiana where we have the opportunity to  
11 further build out the facilities and make our  
12 company grow even more. And from a Wall Street  
13 perspective, the deal is accretive to our  
14 earnings in year one, so the deal is clearly  
15 strategic and beneficial to us.

16 From a financing standpoint, we increased  
17 our bank credit lines by \$3 billion last summer,  
18 and if you will, in essence, increased our  
19 corporate credit card by \$3 billion and had the  
20 lines available to us. When we closed on  
21 December 29th, we simply drew down on those bank  
22 lines and funded the acquisition. The reason  
23 why we do this is that then you don't have to  
24 borrow the money until you absolutely need it  
25 and you don't have any large fees up front. And

1 so we do that to close the transaction on  
2 December 29th.

3 Our corporate policy is to have about 50  
4 percent of our debt in bank debt which is  
5 floating-rate debt and 50 percent of our debt in  
6 longer-term bond debt which is fixed-rate debt.  
7 So by taking on the additional \$3 billion, the  
8 simple math is that we will, quote, "term out"  
9 1.5 billion of that in the public debt markets.  
10 So we have shelf registration statements in  
11 existence with the SEC as with some of the other  
12 gaming jurisdictions. We also can do private  
13 transactions and then later convert them into  
14 public transactions. The point of the matter is  
15 is to take half of our \$3 billion that we took  
16 on in the Caesars acquisition and term it out  
17 into the long-term bond markets. We've  
18 accomplished that. We have about 1.2 billion of  
19 the 3 billion termed out. Included in that is  
20 the \$500 million transaction that Mr. Thar had  
21 mentioned earlier.

22 So we are, in essence, in compliance with  
23 our corporate policy of having about 50 percent  
24 of our debt floating rate and 50 percent fixed  
25 rate with the \$500 million transaction which is

1 in the process of being converted into a public  
2 transaction now. And we may from time to time  
3 over the balance of this year access the public  
4 debt markets to term out some more of our debt  
5 as part of our policy. At this time we don't  
6 have any current plans; however, with market  
7 conditions changing on a daily basis, that could  
8 change in a week and we may seek to do that in  
9 the near term but at this time no current  
10 plans. So that's how we finance our company.

11 Just a quick reference to the Caesars  
12 acquisition. It is proceeding as planned three  
13 months into it, and the profitability of the  
14 assets that we acquired are in line with our  
15 budgets so far here today.

16 Thank you.

17 CHAIRMAN VOWELS: Mr. Gifford?

18 MR. GIFFORD: If there are no questions on  
19 the financial aspect of this, John Wallis will  
20 talk about Park Place's experience with MBE/WBE  
21 purchasing and contracts at some of the other  
22 facilities.

23 MR. THAR: May I ask a question?

24 What's the balance -- you said you had  
25 shelf registrations in the various jurisdictions

1 with the SEC. How much of that have you used  
2 and is the balance remaining?

3 MR. LaPORTA: With the SEC we have a  
4 billion-dollar shelf registration statement.  
5 We've drawn 400 million underneath it leaving  
6 600 million; however, there is a green shoe  
7 (phonetic) attached to that that you can  
8 increase it by 20 percent outstanding, twenty  
9 percent, so, in essence, I guess that's 720  
10 million available through the SEC and the  
11 various jurisdictions. In general the shelf  
12 registration parallels what we have with the  
13 SEC. It may not be in all jurisdictions, but  
14 that's a fairly good guideline.

15 MR. THAR: So in ball park figures, 720  
16 million?

17 MR. LaPORTA: Yes, sir.

18 MR. THAR: How have you only drawn down 400  
19 million when you deal with 500 million in  
20 financing? How did that work?

21 MR. LaPORTA: The \$500 million was done  
22 outside of the shelf registration statement.  
23 With the shelf registration statement filed with  
24 the SEC you can generally do a transaction so  
25 long as it's in line with your shelf, you can do

1 it and not require SEC review. We also have  
2 available to us, being an investment-grade-rated  
3 company, if the market conditions are favorable,  
4 you can move very quickly and just line up some  
5 buyers of your bonds, the large mutual funds and  
6 insurance companies in the country, and do a  
7 private transaction and do it on terms very  
8 similar to your shelf registration and then  
9 submit it to the SEC for review and then it  
10 becomes a public transaction.

11 MR. THAR: Wasn't it represented that this  
12 was a shelf transaction? I'm asking a question.

13 MR. GIFFORD: No, I don't believe so.

14 MR. THAR: Shelf transaction with regard to  
15 any other gaming jurisdiction?

16 MR. LaPORTA: Yes, some of the other  
17 jurisdictions. The shelves with the other  
18 jurisdictions are, in essence, the exact same  
19 shelf with the SEC. They basically -- the term  
20 "shelf registration" with the other  
21 jurisdictions is a generic term that gave us  
22 blanket authority to issue longer-term debt for  
23 a year's amount of time and then we renew that,  
24 freshen it up every year.

25 MR. THAR: Well, my memory is it was



1 specifically represented that this was a shelf  
2 transaction with regard to Nevada and New  
3 Jersey; is that true?

4 MR. LaPORTA: Yes. I thought you were  
5 speaking of the SEC.

6 MR. THAR: I was originally, but you're  
7 saying -- I was led to believe, and maybe it was  
8 my own stupidity or naivete, that it was also  
9 with the SEC, but you're telling me today it's  
10 not?

11 MR. LaPORTA: It's not.

12 MR. THAR: So why don't you tell us about  
13 how much more -- and maybe I was led that way  
14 because, when I asked you about your shelf  
15 transactions, you switched everything to the SEC  
16 and now you're switching it back. So let's go  
17 with gaming jurisdictions again. How much do  
18 you have with regard to that? How much  
19 preapproved ability to get -- to go to the  
20 public market to get debt do you have?

21 MR. LaPORTA: It's not pegged to a certain  
22 dollar amount. It's just pegged to the types of  
23 transaction that you do.

24 MR. THAR: So it's unlimited? What do you  
25 need to freshen up on an annual basis?

1 MR. LaPORTA: Just getting the approval  
2 to -- on an annual basis that we will issue  
3 long-term debt in the public markets.

4 MR. THAR: With no cap?

5 MR. LaPORTA: It depends on the  
6 jurisdiction.

7 MR. THAR: Okay. So is there a cap in  
8 Nevada?

9 MR. LaPORTA: I don't know the answer to  
10 that question.

11 MR. THAR: Is there a cap in New Jersey?

12 MR. LaPORTA: Bernie, do you know the  
13 answer to this one?

14 MR. DeLURY: No, there isn't. There is no  
15 cap per se.

16 MR. THAR: There's no cap per se, do you  
17 want to explain that?

18 MR. DeLURY: I'm not really in a position  
19 to give every detail, Mr. Thar.

20 MR. THAR: Okay. Who is? Who is?

21 MR. DeLURY: If you give me a few moments,  
22 I could probably find somebody.

23 MR. THAR: Why don't you.

24 (Mr. DeLury exits the room.)

25 CHAIRMAN VOWELS: Do you want to continue

1 on or take a break?

2 MR. THAR: I'm somewhat disturbed that the  
3 way this transaction was presented is that it  
4 was a shelf transaction, that it was an existing  
5 shelf with certain dollar amount approvals in  
6 Nevada and New Jersey. And now we can't seem to  
7 get an explanation as to how this works. I  
8 thought it was going to be a routine question,  
9 kind of curiosity sake. When it first started  
10 out, then it shifts to, "Well, really it all  
11 parallels our SEC approval and we have \$720  
12 million remaining."

13 "How does that work when you did 500  
14 dollar million -- \$500 million transaction?"

15 "Well, we didn't do that under our SEC."

16 So I feel like there's some smoke being  
17 blown around here, and I'm at -- almost at the  
18 point of suggesting that we don't approve any of  
19 this today until we get the straight answer, we  
20 take it up at the next meeting.

21 MR. LaPORTA: Actually, may I try and  
22 clarify?

23 MR. THAR: I would love for you to  
24 clarify. I didn't mean for this to go down that  
25 road, but --

1 MR. LaPORTA: May I try?

2 MR. THAR: I would love for you to try and  
3 I would love for you to succeed.

4 MR. LaPORTA: There are -- there are  
5 different processes for different purposes. The  
6 SEC and public debt -- public capital market's  
7 approvals are separate and distinct from the  
8 gaming jurisdiction approval, and so if I've  
9 misled anybody by saying that they were one in  
10 the same, I apologize. In the public debt  
11 markets you can have an SEC shelf registration  
12 to issue debt underneath that shelf, and so long  
13 as you issue under those -- that shelf, it  
14 requires no SEC approval. Or you can do a  
15 private transaction and submit it to the SEC for  
16 their review and approval. So those are the two  
17 ways we handle it with the public capital  
18 markets.

19 MR. THAR: So are you saying then that the  
20 144-A procedure utilized here did not need to be  
21 under the shelf --

22 MR. LaPORTA: That's correct.

23 MR. THAR: -- because it didn't go to the  
24 public first? It was privately placed --

25 MR. LaPORTA: Yes, sir.

1           MR. THAR: -- subsequent? Thank you. I'm  
2 starting to see the light. Now, how does that  
3 relate then to the various jurisdictions?

4           MR. LaPORTA: The various jurisdictions all  
5 with their different varying natures, there is  
6 no one answer for each jurisdiction, but we work  
7 closely with -- try to work as closely as we can  
8 with everyone. And in Nevada and in New Jersey  
9 there are -- it's also called a shelf  
10 registration -- a shelf approval, but it's  
11 different than the SEC approval. And they may  
12 have dollar amounts on them, they may not, it  
13 just may be where you talked to the Commission  
14 once a year and talk about your financing plans,  
15 and so long as it's in accordance with those  
16 plans that you spoke about through the balance  
17 of the year, it's approved. In general, it  
18 parallels the SEC registration but the dollar  
19 amounts are not exactly tied to it. In some  
20 jurisdictions it is simply that you notify a  
21 jurisdiction that you're going to do a  
22 transaction whether it's under the shelf or a  
23 private transaction and get their blessing with  
24 the transaction.

25           CHAIRMAN VOWELS: When you say "shelf,"

1 would you define that? What do you mean by  
2 shelf registration? Can you explain that?

3 MR. LaPORTA: Sure. The most extensive  
4 would be with the Securities and Exchange  
5 Commission, and that is where you file an  
6 offering document such as the \$500 million that  
7 we did but you're not issuing any securities up  
8 front. All you're doing is issuing a document  
9 to the Securities and Exchange Commission that  
10 gives you blanket approval for issuing debt  
11 securities up to a certain dollar amount, if you  
12 will, it's a preapproval.

13 MR. DARKO: The money is on the shelf when  
14 you need it?

15 MR. LaPORTA: It's preapproved by the SEC  
16 so that you can go to the public markets and get  
17 it, yes.

18 MR. THAR: Viewed as approval's on the  
19 shelf?

20 MR. GIFFORD: Perhaps to shed a little  
21 light and maybe work through some of the  
22 confusion, when we met in the middle of February  
23 and first presented this financing proposal to  
24 the Commission staff, we may have in those  
25 conversations used the words "shelf approval" or

1 "shelf registration" as it related to the  
2 approvals that were -- or the preapprovals that  
3 were required in other jurisdictions or not  
4 required, and the way that term is used in SEC  
5 parlance, I think perhaps we used those  
6 interchangeably in a way that's created a  
7 confusion that I regret but which -- which we  
8 are not attempting to blow smoke about the  
9 transaction. We approached and presented this  
10 as a 144-A, private placement of debt, to be  
11 followed by a public offering that would be  
12 subject to SEC review, and that's -- and then in  
13 conjunction with the staff we received a waiver  
14 on the 144-A, private placement, with Commission  
15 approval necessary on the public offering.

16 The issue came up as we looked at timing  
17 issues and the like of looking at Indiana's  
18 requirements of preapproval by the Commission of  
19 debt transactions versus how other  
20 jurisdictions, Nevada and New Jersey in  
21 particular, treat those kinds of debt  
22 transactions, and in those jurisdictions the  
23 kind of preapproval that we required isn't  
24 required and instead they have a process that  
25 allows what we refer to as a shelf approval of

1 debt offerings by the company. So we --

2 MR. DARKO: Nevada and New Jersey as  
3 jurisdictions do it differently from Indiana; is  
4 that your point?

5 MR. GIFFORD: Yes sir. Yes. And then as I  
6 understand it, after the transaction is entered  
7 into, the company has a reporting obligation to  
8 those Commissions and there are -- as I  
9 understand it, there is a limit of the amount of  
10 that preapproval, if you -- if you will, in  
11 those jurisdictions. And Susan Johnson is  
12 corporate counsel who we worked with and talked  
13 with on this -- I'm assuming is the person that  
14 Bernie is trying to reach to find out what those  
15 specific numbers are.

16 CHAIRMAN VOWELS: When you say -- in Nevada  
17 and New Jersey, when you use the term "the  
18 shelf" and you're not referring to the SEC, the  
19 shelf term, is that SEC terminology that you're  
20 just applying to Nevada and New Jersey or is  
21 there -- do you follow what I'm saying?

22 MR. GIFFORD: I think -- I think that's how  
23 the nomenclature developed.

24 CHAIRMAN VOWELS: All right.

25 MR. LaPORTA: I think the answer is yes.



1           MR. THAR: It's true that it's represented  
2 as being a shelf transaction. The approval for  
3 this had been shelved in Atlantic -- in Atlantic  
4 City and in Las Vegas or Nevada and New Jersey.  
5 My confusion arose when you said that really  
6 it's all similar to the SEC market, the  
7 balance. And it's true that it was not -- as a  
8 matter of fact, that's the issue before the  
9 Commission today as to whether or not they're  
10 going to approve the financing based upon the  
11 registration of it to go to the public market.

12           But the question or what -- what hits the  
13 staff is this: Somebody comes and says, "This  
14 is shelved in Nevada and New Jersey, and what  
15 that means really is that, "We have preapproval  
16 to do this financing as part of the larger  
17 financing package from those jurisdictions. We  
18 don't have to go to them specifically with  
19 regard to the \$500 million drawdown we have in  
20 this situation."

21           So to wonder how much is left is the  
22 legitimate issue for the Commission and to how  
23 it works is a legitimate question because, if  
24 you decide to draw down again, which you've  
25 indicated you will, you will not draw down based

1 upon Indiana's rules and regulations, you will  
2 draw down based upon the shelf approval you  
3 already have in the other jurisdictions and then  
4 come here. I'm not saying that's a bad way to  
5 do business, but we need to know that.

6 CHAIRMAN VOWELS: So the question is what  
7 is -- if I'm understanding you right -- the  
8 shelf approval in New Jersey and Nevada is X,  
9 and the question -- the answer we're looking for  
10 is X minus 500 million leaves what, and that's  
11 the question?

12 MR. LaPORTA: I can answer that question.  
13 It would all be -- the modulator on the  
14 processes would be the SEC shelf registration  
15 which is the \$720 million. We wouldn't -- all  
16 the other -- the approvals we have in the other  
17 jurisdictions will permit us to do up to what we  
18 can do with the SEC.

19 MR. THAR: A lot of their approvals are  
20 hinged upon balance --

21 MR. LaPORTA: Yes.

22 MR. THAR: -- that remains in front of the  
23 SEC? Okay. I'm sorry that took so long.

24 CHAIRMAN VOWELS: That's all right.

25 MR. DARKO: Thank you. Is it fair to

1 analogize it to a letter of credit that has to  
2 cover three or four creditors and we're one of  
3 the three or four?

4 MR. LaPORTA: Yes.

5 MR. DARKO: That helps me understand it.

6 MR. BARR: One of the approvals we have to  
7 have would be --

8 MR. DARKO: So Jack's right, we need to  
9 know what's going to be left for Indiana after  
10 you use your hypothetical letter of credit to  
11 pay off other creditors.

12 MR. THAR: Well, what I'm suggesting is --  
13 they have approximately \$720 million left.  
14 Under the way that they are set up in every  
15 jurisdiction except here, they can go ahead and  
16 draw down on that \$720 million as they see fit  
17 depending upon need, market conditions, et  
18 cetera, et cetera. We don't operate that way.  
19 Whether or not we should operate that way is  
20 another issue because we want to have those  
21 discussions. When you're dealing with a company  
22 that -- of the type of assets of Park Place, the  
23 ability to go to the market to get \$500 million,  
24 while it's awe inspiringly significant to me,  
25 it's not necessarily for them.

1           So whether or not we need to act or be in a  
2 position to act more quickly or whether or not  
3 we want to say, "Guess what. You're not going  
4 to act that quickly in Indiana," is something we  
5 need to decide once we have an understanding of  
6 where you're going. But unfortunately maybe it  
7 was just me because I confused quite a bit of  
8 what you said with regard to this financing.  
9 You have been very successful in straightening  
10 me out, so I appreciate that.

11           And this is something for a future meeting  
12 that, when they provide us with the information  
13 of how they go about this in other  
14 jurisdictions, to what extent do we want to  
15 agree that we will take a look at certain  
16 financial information filed by them to determine  
17 our right, maybe we agree, you could over the  
18 next 12 months borrow another billion dollars  
19 and not be hemorrhaging.

20           MR. LaPORTA: And just one clarification is  
21 the financing we're doing now, it's not -- it's  
22 just refinancing, it's paying off existing debt,  
23 and it's all at the senior unsecured level so  
24 it's not down -- it's not secured by any of the  
25 assets. Specifically it's not secured by the

1 Indiana gaming assets.

2 CHAIRMAN VOWELS: The question that the  
3 gentleman left the room to pursue the answer  
4 for, has that been addressed?

5 MR. THAR: We don't need to have that now.  
6 We do need it, but I think basically Scott has  
7 answered it now when he says the cap's right  
8 around the same as the SEC's in the neighborhood  
9 of \$720 million.

10 MR. GIFFORD: And based on our discussions  
11 about this and how our rules differ from other  
12 jurisdictions, we are putting together a summary  
13 with specific regs in a summary of how the other  
14 jurisdictions deal with these financings which  
15 we'll present to staff and the Commission for  
16 ongoing discussion about how we can ensure that  
17 we comply with Indiana law and regulations and  
18 at the same time be able to move in the market  
19 as appropriate and if appropriate with the  
20 proper approvals so that the process works well  
21 for all of us.

22 (Mr. DeLury returns.)

23 CHAIRMAN VOWELS: Has this issue -- I mean  
24 we have other companies that I understand that  
25 Park Place is the largest, but other companies

1           that operate in other jurisdictions has this  
2           issue arisen?

3           MR. THAR: One or two other companies in  
4           Indiana have had shelf approvals, but they have  
5           not moved as quickly as this company does with  
6           regard to this. They have come to us first.  
7           They have not gone to the shelf approvals first  
8           in their jurisdiction.

9           My guess is your primary areas of  
10          Mississippi, Nevada and New Jersey all operate  
11          fairly similarly in that area if I remember  
12          correctly?

13          MR. LaPORTA: I believe that's correct.

14          MR. THAR: We need to evaluate how we want  
15          to handle that stuff here in Indiana. And,  
16          again, as I say, I'm sorry if it took so long.  
17          It may have just been me that misunderstood, but  
18          I obviously misunderstood something and ended up  
19          going down the wrong road. I thank you for  
20          straightening me out. Very nice job. So I'm  
21          sorry to interrupt your presentation. Bernie,  
22          I'm sorry to have made you go out.

23          MR. DeLURY: That's quite all right,  
24          Mr. Thar, you caught me asleep at the switch. I  
25          was able to find out that in our two major other

1 jurisdictions, New Jersey there is no prior  
2 approval process for debt that does not encumber  
3 the licensee. The holding company is free to go  
4 out and take on whatever debt offering it would  
5 like to do subject to a notification to the  
6 Commission of certain security holders after  
7 that occurs. Mississippi more closely follows  
8 the Nevada system where you have the nature of  
9 shelf offering. It's an imprecise description;  
10 however, you have to notify the Commission once  
11 you do the exchange as we have done in this  
12 case, and that is subject to staff review after  
13 placement occurs.

14 MR. THAR: Thank you. I'm sorry I  
15 interrupted.

16 MR. GIFFORD: That's quite all right.

17 John Wallis -- by the way, did I mention  
18 he's a native Hoosier?

19 MR. DeLURY: My brother lived in Fishers.

20 MR. GIFFORD: That's right, Bernie's  
21 practically a Hoosier.

22 MR. DARKO: It's an old lawyer trick.

23 MR. GIFFORD: Thank you.

24 John not only has responsibilities and can  
25 talk about some of the MBE/WBE initiatives that

1 the company's undertaking in other jurisdictions  
2 but will be working very closely with the  
3 Indiana property and will have responsibilities  
4 over those compliance issues here in Indiana,  
5 and so we'll just turn it over to John.

6 MR. WALLIS: Thank you. Good morning. As  
7 Ron mentioned, I have day-to-day responsibility  
8 for the purchasing activities in Atlantic City  
9 as well as oversight and advisory responsibility  
10 for the east coast properties.

11 Park Place has had very successful  
12 experience meeting minority and women business  
13 requirements in other jurisdictions specifically  
14 Atlantic City. We have a goal there, a  
15 legislatively-mandated goal in Atlantic City of  
16 15 percent, and over the last five years at the  
17 two existing Park Place properties and well as  
18 Caesars we've averaged in the high 20s to low  
19 30s on an annual basis in terms of percentage.  
20 My role will be to advise and assist the  
21 property here in Indiana to meet their goals.  
22 They have a development plan as you're aware  
23 that was put before you in November. We're  
24 taking every step that we can to ensure that  
25 that gets carried out and to enhance that.



1           Over the last six months we've added 17 new  
2 minority- or woman-owned businesses to our  
3 roster of companies we're doing business with.  
4 We've projected that those companies will  
5 generate about \$1.3 million in expenditures on  
6 an annual basis for the year 2000. In fact, in  
7 January and February, if you look at the numbers  
8 we've posted, on a monthly basis at least we are  
9 exceeding the percentages. We are -- we have  
10 several things in the works that we're not  
11 prepared to discuss at this meeting, but we  
12 fully expect to be in compliance and are  
13 committed to be in compliance.

14           MR. THAR: I have a question.

15           MR. WALLIS: Yes.

16           MR. THAR: One of the issues that came up  
17 prior to your acquisition of Caesars World but  
18 with Caesars World was the fact that Caesars  
19 World, because of their size, had national  
20 contracts. National contracts seem to take  
21 precedence over local contracts. I would assume  
22 Park Place does that. I have two questions.  
23 The first one is: Who's national contracts are  
24 going to prevail in this merger, Park Place's or  
25 Caesars World, and, secondly, to what extent

1 will those reign supreme over the need to  
2 contract locally?

3 MR. WALLIS: Obviously we're looking at all  
4 the contracts, Caesars World and Park Place.  
5 Park Place being the acquirer of those contracts  
6 probably will have preference. A lot of the  
7 contracts are common and we're looking at how we  
8 can combine them.

9 Your second question, which is a very good  
10 one, because of our size and because of our  
11 leverage, what we've been able to do  
12 successfully in other jurisdictions and what we  
13 plan to do here, in fact, the process has  
14 already started, is leverage those national  
15 manufacturers in cases where there's  
16 distribution involved which is most of what  
17 we're talking about because we're talking about  
18 goods. We're able to leverage those people to  
19 sell to small minority- and women-owned  
20 businesses where they might not be willing to do  
21 that. So we will attempt to honor our national  
22 contracts, but we also will structure them so  
23 that the local minority- and women-owned  
24 businesses are part of that process.

25 MR. THAR: Thank you.

1 MR. DARKO: Mr. Walsh doesn't have to  
2 apologize again. He did it so well last time.  
3 I'd like to hear him do it again. That's okay.  
4 If your company needs an apologizer, I would  
5 highly recommend him. He's second only to the  
6 Pope.

7 MR. WALLIS: We hope that we're past the  
8 Caesars World attrition that we don't have to  
9 stand here and apologize too much in the future.

10 MR. DARKO: Well, he does it well.

11 MR. WALLIS: We're hopefully presenting to  
12 you a different company, a different way of  
13 doing business in dealing with our  
14 jurisdictions, our vendors, our employees and  
15 our communities in which we operate. We hope  
16 not to be before you apologizing.

17 CHAIRMAN VOWELS: Assuming that this  
18 resolution that we have about your application  
19 to acquire the ownership of Caesars, with the  
20 next Commission meeting at some time in the next  
21 months or so we hope to have all of the  
22 commissioners here and that WBE/MBE issue would  
23 be on the agenda, would you be able to address  
24 that at length at that time?

25 MR. GIFFORD: Yes. We will be prepared to

1 provide you with as much information as you  
2 would like.

3 CHAIRMAN VOWELS: All right. Is there  
4 anything?

5 MR. THAR: I don't have any further  
6 questions on that.

7 MR. GIFFORD: I suppose as a segway, if  
8 anyone were to come back and apologize, perhaps  
9 as one of his last acts in an official capacity,  
10 would be Barry Morris who is the --

11 MR. DARKO: The chief apologist?

12 MR. MORRIS: New title.

13 CHAIRMAN VOWELS: Did I understand that  
14 would be one of his last acts if he had to come  
15 to apologize?

16 MR. GIFFORD: Understanding I have no  
17 authority over that.

18 CHAIRMAN VOWELS: He's from Indiana, too, I  
19 hear by his accent.

20 MR. DARKO: Yeah, he's from English Indiana  
21 actually.

22 MR. GIFFORD: He's from very eastern  
23 Indiana.

24 MR. DARKO: Our province.

25 CHAIRMAN VOWELS: Over by Cincinnati.

1 MR. GIFFORD: Barry is the new general  
2 manager and has been at the facility in that  
3 capacity now -- a couple of months; is that  
4 correct, Barry?

5 MR. MORRIS: About 60 days.

6 MR. GIFFORD: And as I said formally just  
7 moved his family into Harrison County this week.

8 MR. MORRIS: Did I mention my wife's a  
9 Hoosier? Happens to be true by the way, she's a  
10 native of Valparaiso, Indiana.

11 Good morning, my name is Barry Morris. As  
12 indicated, I'm the executive VP and GM of  
13 Caesars Indiana. I'm happy to tell you I have a  
14 wife, two children, a 120-pound dog and two cats  
15 and a house in Harrison County.

16 To give you a little bit of background on  
17 who I am as the individual who's going to be  
18 responsible for day-to-day operations, I'm 43  
19 years old, I've been in gaming since I was 19  
20 primarily in table game operations until the  
21 late '80s when my focus changed to play  
22 development. In 1993 I left Paradise Island in  
23 the Bahamas where I'd been 14 years and moved to  
24 Mississippi to Grand Casino. As a member of the  
25 Grand team I operated in play development casino

1 operations. Most recently I was the senior VP  
2 of administration with responsibility at  
3 Gulfport for food and beverage, finance, table  
4 game operations, play development and  
5 facilities. So I have 24 years in casino  
6 operations. My focus in Indiana will be to  
7 refine the operation, make it -- make the  
8 business grow, make the best use of the  
9 facilities that we're bringing on line which  
10 I'll speak to in a moment and strive to make  
11 this as profitable as possible.

12 Next week we're going to open our next  
13 venue which is Cleo's Coffee and Malt which  
14 opens in the pavilion. We're in the final  
15 touches of construction there. In the middle of  
16 July we open up a fine dining restaurant which  
17 is operating under the working title of  
18 Portico. Portico will be a 110-seat venue. It  
19 will feature a pretty upscale menu. We hope to  
20 make it as exclusive as possible, try and make  
21 it an extremely desirable venue to go into. Our  
22 focus will be on taking care of our better  
23 guests and also growing our exposure in East  
24 Louisville where we've not been successful so  
25 far.

1           Additionally in July we will -- in  
2           September we will open Legends which is a  
3           350-seat venue, a casual dining venue with live  
4           entertainment which will be free. The focus of  
5           that venue will be to entertain people who are  
6           waiting for boarding, to attract people to a  
7           more rounded entertainment experience other than  
8           just the gaming product we offer right now. As  
9           indicated earlier, we are -- we're extremely  
10          excited with the prospect of breaking ground on  
11          the hotel. We expect to announce some progress  
12          there next couple of weeks. We're tentatively  
13          scheduling the ground breaking in early May.

14                 Beyond that, our focus as indicated is just  
15          operating a more effective organization with the  
16          same management team that we inherited. In the  
17          last 60 days we've hired one new vice president  
18          of marketing. We made that hire in the face of  
19          one gentleman who resigned for a new opportunity  
20          prior to our acquisition. And we have operating  
21          our food and beverage our corporate vice  
22          president Joe Burkhart (phonetic) who's got a  
23          vast background in casino operating food  
24          operations. He's opened 65 restaurants in the  
25          last five years, so we feel confident when we

1 get all those venues on line.

2 That's our focus and I'm happy to take any  
3 questions.

4 CHAIRMAN VOWELS: The hotel you're talking  
5 about the breaking ground in May, when would you  
6 anticipate that would be up and running?

7 MR. MORRIS: I anticipate somewhere between  
8 a 14- and a 18-month build-out. I think 14  
9 would be the speed of light and 18 months is  
10 probably a little bit more realistic.

11 CHAIRMAN VOWELS: Any questions for  
12 Mr. Morris?

13 Clear sailing for you.

14 MR. DARKO: No apologies.

15 MR. MORRIS: No. I hope never to make one.

16 MR. GIFFORD: That's the end of our formal  
17 presentation. If there are any other questions  
18 either of these gentlemen or of any of the other  
19 members of the management group who are here, we  
20 are pleased to talk about them and answer them.

21 CHAIRMAN VOWELS: All right. Are there any  
22 questions for the gentlemen?

23 Mr. Thar, anything?

24 MR. THAR: No.

25 CHAIRMAN VOWELS: What we have in front of



1 us then is Resolution 2000-13 which is a  
2 resolution concerning the application of Park  
3 Place Entertainment Corporation to acquire the  
4 ownership of Caesars World, Inc., and in that is  
5 twofold to grant or deny the request of Park  
6 Place to exchange the Notes for Exchange under  
7 the terms and conditions in the S-4 Statement,  
8 and then subsequently the action on the request  
9 for the approval to transfer to grant or deny.  
10 So if you could follow all that, is there a  
11 motion, someone?

12 MR. DARKO: I will move to grant approval.

13 CHAIRMAN VOWELS: In both instances?

14 MR. DARKO: Yes, in both instances.

15 CHAIRMAN VOWELS: All right. With that  
16 motion is there a second?

17 MR. CARLTON: Second.

18 CHAIRMAN VOWELS: Is there any further  
19 discussion?

20 Has there been anyone from Harrison  
21 County?

22 MR. THAR: To my knowledge, there's no one  
23 here from Harrison County, but I know that I've  
24 spoken with people from Harrison County this  
25 week. This is not an issue with Harrison

1 County.

2 CHAIRMAN VOWELS: Okay.

3 MR. THAR: They may have other issues but  
4 not this.

5 CHAIRMAN VOWELS: Okay. All right then.  
6 We have the motion, the second, and is there any  
7 further discussion?

8 All those in favor of granting and granting  
9 say aye.

10 THE PANEL: Aye.

11 CHAIRMAN VOWELS: All right then. We have  
12 the next resolution which deals with the  
13 restructuring. Is that anything that these  
14 gentlemen would need to address?

15 MR. THAR: While these gentlemen are a part  
16 of it, I think the people that wish to address  
17 it more specifically, Brian Burdock is here as  
18 an attorney for RDI, and Don Perlyn and Larry  
19 Townsend are also here as members of RDI.

20 Brian, if you would start.

21 MR. BURDOCK: Thank you, Mr. Thar. For the  
22 record, my name is Brian Burdock. I'm an  
23 attorney with Barnes and Thornburg here in  
24 Indianapolis and counsel to Riverboat  
25 Development, Incorporated. From RDI sitting at

1 the table with me from my left is Larry Townsend  
2 who is a board member as well as president, CEO  
3 and treasurer of RDI, Don Perlyn, board member  
4 as well as -- excuse me, chairman, CEO and  
5 treasurer of RDI. Don is president of RDI.

6 We're here today to discuss for you to  
7 consider the restructuring of the relationship  
8 with RDI and the split allocation of profits,  
9 losses, distributions between RDI and Roman  
10 Holding Company what started out originally, and  
11 we've worked very closely with the Gaming  
12 Commission, appreciate Mr. Thar, they're very  
13 well-versed in this matter.

14 What started out as a 50/50 type deal, for  
15 a lot of reasons didn't turn out to be that way,  
16 cost overruns, additional capital contributions,  
17 resulted in us coming back to the negotiating  
18 table with representatives of Roman Holding  
19 Company, Caesars, Starwood, and we're pleased  
20 that we have final figures of the new  
21 transaction which is 18 percent/82 percent,  
22 allocation and distributions of profit to loss  
23 is 18 percent to RDI, 82 percent to Roman  
24 Holding Company.

25 With that we're here to answer any

1 questions that the executive director or the  
2 Commission might have.

3 MR. THAR: I have one question and that  
4 is: Is this final or is this subject to  
5 adjustment later on, the 18/82 -- 18-percent/  
6 82-percent ownership.

7 MR. BURDOCK: It's final.

8 MR. THAR: And I would ask can we get that  
9 verified from Park Place? Is there anyone here  
10 from Park Place that can speak to that issue?

11 MR. LaPORTA: Final.

12 MR. THAR: Thank you.

13 MR. BURDOCK: As long as they say it's  
14 final.

15 CHAIRMAN VOWELS: I don't think it gets any  
16 better than that.

17 Any other --

18 MR. DARKO: Keep the lawyers out of it.

19 CHAIRMAN VOWELS: To a point.

20 All right. Are there any other questions  
21 for the gentlemen in front of us?

22 All right. This is fairly straightforward  
23 here as far as we're concerned. This Resolution  
24 2000-14 concerns a request for the restructuring  
25 of the ownership interest in RDI/Caesars

1 Riverboat Casino LLC, and the resolution in  
2 front of us calls for us either to grant or deny  
3 this request for the restructuring. Is there a  
4 motion to grant or deny?

5 MR. MILCAREK: I would motion to grant.

6 CHAIRMAN VOWELS: Okay. Is there a  
7 second?

8 MR. CARLTON: Second.

9 CHAIRMAN VOWELS: Is there any further  
10 discussion?

11 The motion is to grant the request, and all  
12 those in favor of that motion say aye.

13 THE PANEL: Aye.

14 CHAIRMAN VOWELS: The resolution passes and  
15 is granted.

16 MR. BURDOCK: Thank you.

17 MR. THAR: I would have one request. Could  
18 you three after the meeting take a look at the  
19 list that we have attached -- we've modified a  
20 quarterly report in this one area -- with regard  
21 to who the shareholders are?

22 MR. BURDOCK: Yes.

23 MR. THAR: And the distribution? As a  
24 matter of fact, I'll loan this to you now as you  
25 go back. Maybe you could take a look at it. I

1 would look specifically at the way we changed  
2 Mr. Perlyn's situation.

3 CHAIRMAN VOWELS: And it appears the next  
4 matter on the agenda is other business. Is  
5 there any other business?

6 MR. THAR: There is not.

7 CHAIRMAN VOWELS: And the next to last  
8 matter on the agenda is the next meeting which  
9 we have scheduled for May the 12th, the exact  
10 time and place to be determined, although we  
11 have the auditorium in the other building for  
12 that day, don't we?

13 MR. THAR: It will be in the auditorium and  
14 it will be May 12th, but exactly what time will  
15 be decided before May 12th but not today.

16 CHAIRMAN VOWELS: So that everyone  
17 understands that, May 12th is our next meeting.

18 The last matter on the agenda is a motion  
19 to adjourn, and is there a motion?

20 THE PANEL: Motion to adjourn.

21 CHAIRMAN VOWELS: It appears to be  
22 unanimous and everybody seconds it, and all in  
23 favor say aye.

24 THE PANEL: Aye.

25 CHAIRMAN VOWELS: All right. Thank you.

(The Business Meeting adjourned at  
11:20 a.m.)

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