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BEFORE THE INDIANA GAMING COMMISSION

PUBLIC MEETING

TRANSCRIPT OF PROCEEDINGS

DATE: January 8, 1996
PLACE: Indiana Government Center Auditorium
302 West Washington Street
Indianapolis, Indiana
REPORTED BY: Deanne S. Hutson, Notary Public

MEMBERS OF THE COMMISSION

Alan I. Klineman, Chairman
Donald R. Vowels
Ann Marie Bochnowski
Robert W. Sundwick
Robert W. Swan
Thomas F. Milcarek
David E. Ross, Jr., M.D.

ALSO PRESENT

John J. Thar, Executive Director
and Members of the Staff

SHIREY REPORTING SERVICE, INC.
201 North Illinois Street, Suite 300
Indianapolis, Indiana 46204
(317) 237-3350

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CHAIRMAN KLINEMAN: The meeting of the Indiana Gaming Commission shall commence. Will call to order. We're sorry that we're a little bit late, but we are very lucky all the commission members made it in today and we're here to conduct the business. Let the record show that all of the sitting commissioners are present. The next item -- and therefore we have a quorum. Next item of business is the approval of the minutes of the December 4, 1995, meeting which was held in Evansville. Do I hear any motion to approve those minutes?

COMMISSIONER SWAN: So moved.

CHAIRMAN KLINEMAN: Is there a second?

COMMISSIONER MILCAREK: Second.

CHAIRMAN KLINEMAN: Any discussions or additions of those minutes? Hearing none, all those in favor of approval of the minutes say aye. Contrary. The minutes are approved.

The next item of business on our agenda is a report from Mr. Thar, our executive director. Mr. Thar.

MR. THAR: Thank you, Mr. Chairman and members of the Commission. My report is going to be brief because we primarily worked on two

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things during -- since the last meeting. One is⁴
the regulation of Casino Aztar. (inaudible) in
preparation for this particular meeting today
with the certificates of suitability as well as
the East Chicago question. What we have done,
however, are a couple of things. With regard to
personnel, I'd like to introduce the Commission
as well as the other members here today Kendra
Digg. Kendra has been hired by us to work in our
audit division. Certified public accountant who
has worked for the Indiana Department of Revenue
and has also been through them detailed to the
Indiana State Police's gaming division has been
working temporary duty doing background
investigations for the Commission since its
inception, so we feel like we've got an extremely
capable auditor and someone who is familiar with
gaming. Very welcome addition to our staff.
Auditors just don't get a lot of (inaudible).

The second thing is with regard to
Casino Aztar. Its first month of operation which
we would consider full-time from December 8th
through December 31st has gone fairly smoothly,
although with a little bit of an oversight to say
it hasn't had a few problems both on their side

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and our side. Figures with regard to their first month of operation will be released next week hopefully either the 16th or the 17th of January at a press conference, but we want to also explain the figures at that time. I can advise the Commission that the total amount of the Commission's tax and gaming tax paid through January 30 -- December 31, 1995, will be in excess of \$1.5 million, so they had a pretty -- they've had a run, one would say, is within their expectations.

We have been working with Access Indiana and hope to be able to put the monthly statistics out on Access Indiana which is basically a network or web system, an internet type system, so that all people would be able to get access at the same time, and we intend to have these statistics available for what we would consider to be a nominal fee, which will be what we're talking right now in the area of fifty cents for somebody to sit in their office and pull it up and get it. If people wish to get involved with Access Indiana I ask you before February to subscribe to that service. And you have to contact them through Access Indiana. I do not

1 have the phone number with me now.

2 That generally, Mr. Chairman, is what we
3 and members of the Commission as well as the
4 staff has been doing. That, plus getting ready
5 for the certificates of suitability in the East
6 Chicago question.

7 CHAIRMAN KLINEMAN: Thank you, Mr. Thar.
8 Anyone have any questions? As you can see from
9 the report of Mr. Thar, the activities of the
10 Aztar operation in Evansville, I think this
11 Commission was very pleased with the way the
12 initial opening of the boat went. I personally
13 was pleasantly surprised, shall we say, at the
14 quality of the operation, in particular the
15 physical operation of the boat itself. The boat
16 is beautiful, in my estimation, and I think
17 they've done everything that I would want them to
18 have done, which is to provide enough space and
19 room and so forth so people feel comfortable down
20 there. They also have provided some additional
21 space where during nicer weather than we're
22 having now people can actually go on board and go
23 to the top deck and not really participate
24 actively in gaming and just go for a boat ride so
25 to speak. I'm sure the Aztar people do not want

1 all the customers to go there for a boat ride,
 2 but at least I myself think it's a good idea to
 3 have some space where people can relax a little
 4 bit in between trying their luck. So anyway,
 5 personally I'm very pleased with the way the
 6 Aztar operation has started.

7 As you can see, based upon the
 8 preliminary figures that Mr. Thar has just given
 9 to you, there will be, when all of our boats are
 10 up and operating, a very substantial flow of tax
 11 money to the citizens of Indiana, and that's
 12 something that everyone in the state needs to
 13 think about during this time we're launching
 14 these boats. It will, I think, ultimately be a
 15 very nice source of money to do some of the
 16 things that the government sometimes is unable to
 17 do due to the constraints of tax revenues.
 18 Anyway, I want to congratulate Aztar. I am very
 19 pleased and indicate that openly to them.

20 Anyone else have anything to say? We'll
 21 move on. Thank you, Mr. Thar, for your report.

22 Move on. The first item of new business
 23 has to do with rules. We have in our packet
 24 rules which were delivered to all of us. Kay
 25 Fleming, our chief counsel, if you would present

1 the rules to us.

2 MS. KAY FLEMING: Thank you, Mr.
3 Chairman. Resolution 1996-1 deals with adopting
4 new rules to be published in the February 1st
5 Indiana Register. These rules will concern
6 Article 10, Rule 3, the rules for roulette;
7 Article 11, Rule 3, the rules for soft count.
8 Article 15 covers accounting records and it will
9 encompass Rules 2, the transaction reports and
10 multiple transaction laws; Rule 4, token and chip
11 inventories; Rule 7, audit procedures; Rule 8,
12 internal audit procedures; Rule 9, tips and
13 gratuities; and Rule 10, main bank
14 responsibilities. And one additional note.
15 Under the new version of IC422-23 a notice of
16 intent has to be published prior to the
17 publication of any rule in the Indiana Register.
18 We publish an individual LSA document number for
19 each rule and because we're able to consolidate
20 some and therefore make the rules smaller, this
21 resolution does consolidate LSA Document No.
22 95-189 with LSA Document No. 95-188. That will
23 allow us to consolidate and make our rules
24 somewhat more concise. So by adopting this rule
25 we will be adopting these rules that will be

1 published on February 1, 1996, and we will be
2 acting under those rules pending formal
3 promulgation.

4 CHAIRMAN KLINEMAN: Everyone understand
5 what we're doing? We're putting these rules out
6 formally. Does anyone have any questions of Miss
7 Fleming? Hearing none, is there -- anyone move
8 the adoption of Resolution 1996-1?

9 CHAIRMAN ROSS: So moved.

10 CHAIRMAN KLINEMAN: Is there a second?

11 COMMISSIONER BOCHNOWSKI: Second.

12 CHAIRMAN KLINEMAN: It's been moved and
13 seconded. Any further discussion? All those in
14 favor say aye. Contrary. The resolution is
15 adopted and the rules will be promulgated.

16 MS. KAY FLEMING: Mr. Chairman, if I
17 could make one further note regarding the rules
18 at this time. Additional draft rules will be
19 available for the public on January 29, 1996.
20 Comment will be due by February 12, 1996, and
21 some rules will probably go immediately to the
22 publication process since they will be rules that
23 will be tied to forms that the Commission has
24 already adopted. So we probably cut out one step
25 in the process to expedite matters.

1 CHAIRMAN KLINEMAN: Very good. Next item
 2 on new business is the notification of name
 3 changes. We have a request of Pinnacle Gaming
 4 Development Corporation -- I guess the
 5 notification of name change is the first item.
 6 Mr. Thar.

7 MR. THAR: Very simply, the application
 8 that was originally given out to Barden
 9 Presidents in Gary was subsequently changed to
 10 Barden-Davis, subsequently changed by name to
 11 Barden Development Company. Now they have
 12 changed the name. It will be known as the Mystic
 13 Casino. Majestic Casino. We have not done
 14 anything other than acknowledge those name
 15 changes. That's simply an enacted by the
 16 Secretary of State. There's no resolution or
 17 anything.

18 CHAIRMAN KLINEMAN: That's going to be
 19 their official corporate name or the name under
 20 which they will operate?

21 MR. THAR: They have changed -- the
 22 applicant was originally known as Barden
 23 Presidents, LLC-Gary. Barden Presidents
 24 Riverboat Gary, LLC. That entity has now changed
 25 its name to Majestic Casino.

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COMMISSIONER BOCHNOWSKI: That's a good idea.

CHAIRMAN KLINEMAN: Anyone have any questions about that? Anything else under this category? Mr. Thar?

MR. THAR: The next item is the request of Pinnacle Gaming Development Corporation to change ownership. As you remember, Pinnacle was an applicant in Switzerland County. They were comprised of Century Casino, National Gaming Corporation and Casino Development Corporation. Much like we have done with other groups, they now ask to change one hundred percent of their ownership, that ownership to be purchased by Boomtown, and I believe Mr. List for Boomtown and Hilton as well as Mr. Forbes -- or Century Casinos are here if the Commission wants to hear from them.

CHAIRMAN KLINEMAN: Why don't you just briefly tell us where you're going.

MR. BOB LIST: Thank you, Mr. Chairman and members of the Commission and staff. For the record, Bob List, senior vice-president, corporate counsel of Boomtown, also now director of Pinnacle and an officer of Pinnacle. I'd also

1 like to introduce to you a gentleman who needs
2 very little introduction, James Forbes, president
3 of Century and formerly president of Pinnacle.
4 It's a real pleasure for us to be back before
5 this Commission, and very briefly let me indicate
6 to you that Hilton and Boomtown in essence have
7 formed a joint venture and you have before you a
8 proposal which would allow us to acquire the
9 stock to Pinnacle. We have proposed in our
10 amended application which was filed on the 27th
11 of December a project costing approximately
12 \$110 million to be located in Switzerland County
13 to consist of 38,000 square feet of gaming and a
14 substantial entertainment complex that we think
15 will be a wonderful addition and will provide a
16 great economic opportunity for southern Indiana.
17 It would serve the northern Kentucky and southern
18 Indiana markets and provide a full-blown,
19 first-class entertainment and gaming complex.
20 Really joins together the expertise and the
21 experience of Hilton, a world-wide gaming and
22 hotel background and the strength of their
23 financial resources, with Boomtown's proven
24 ability to operate western-themed properties.
25 So we're very pleased to be here today and to

1 seek your approval of this -- I guess today
2 simply the approval of the acquisition of the
3 stock of Pinnacle. We're excited to be back and
4 look forward to working with the people of
5 Switzerland County.

6 CHAIRMAN KLINEMAN: Any questions about
7 what's happening? There is a chart attached to
8 the letter and attached to the resolution which I
9 guess outlines the ownership. If there are no
10 questions, do I hear a motion to adopt Resolution
11 1996-2 which would ratify the change in ownership
12 of Pinnacle Gaming Corporation?

13 COMMISSIONER MILCAREK: I'll make the
14 motion.

15 CHAIRMAN KLINEMAN: Is there a second?

16 COMMISSIONER SUNDWICK: Second.

17 CHAIRMAN KLINEMAN: Second by Bob. Any
18 further discussion?

19 COMMISSIONER BOCHNOWSKI: I was just
20 looking at this. Let me understand this then.
21 Are you buying this proposal or how is this
22 financially?

23 MR. BOB LIST: Pinnacle was owned 80
24 percent by Mr. Forbes' company, Century, and 20
25 percent by a company called Cimmaron. We've

1 entered into an agreement and have actually
2 acquired the stock, subject to your approval, of
3 Pinnacle and we've paid \$100,000 to the previous
4 owners as in effect a down payment with sub-
5 stantial sums of money due should we be success-
6 ful here, but we would own the entire company on
7 an ongoing basis.

8 COMMISSIONER BOCHNOWSKI: Is Mr. Forbes
9 going to be no longer involved?

10 MR. BOB LIST: Mr. Forbes will be
11 involved really throughout the application
12 process. He's been very helpful to us in getting
13 to understand the market, the local individuals,
14 officials of Switzerland County. Of course, they
15 have a substantial interest in seeing that we win
16 because if we're successful, then they're paid
17 out over a period of time several million
18 dollars. So it in effect gives them --

19 COMMISSIONER BOCHNOWSKI: You're talking
20 his company?

21 MR. BOB LIST: His company and his other
22 shareholders of Cimmaron together would be paid
23 substantial sums of money.

24 COMMISSIONER BOCHNOWSKI: So I suppose
25 (inaudible) pass on whether you get the license

1 or not?

2 MR. BOB LIST: That's correct. It's
3 contingent.

4 COMMISSIONER BOCHNOWSKI: I just wanted
5 to see how all this was working.

6 COMMISSIONER VOWELS: Mr. Thar, will this
7 extend -- when we talk about opening the process
8 again in Switzerland County part of the argument
9 against that was it might extend the time frame
10 or consideration of the license. Will this have
11 any impact on that?

12 MR. THAR: No.

13 CHAIRMAN KLINEMAN: I presume, Mr. Thar,
14 that's because we have previously conducted
15 extensive investigations on these parties?

16 MR. THAR: That and we have December 28th
17 as a deadline for Switzerland, Harrison, Crawford
18 and Perry Counties to submit any revised changes
19 or applications. So for instance, this change in
20 their application substantially for all practical
21 purposes a new application. Some other companies
22 did that. Some others just modified slightly, so
23 we have not begun their check. Plus, they have
24 submitted all their information so it's ready to
25 go when we've begun the check. So that's why,

1 for instance, we extended it out until March or
2 April, then with a would still. As long as they
3 meet the December 28th deadline.

4 CHAIRMAN KLINEMAN: Boomtown has
5 previously been background checked?

6 MR. THAR: Boomtown has. Hilton has not.

7 CHAIRMAN KLINEMAN: I thought Hilton came
8 along later and had not been subject to a full
9 investigation. I really have no doubt in my mind
10 that they will be able to pass the background
11 investigation.

12 MR. BOB LIST: Hilton actually -- the
13 Hilton people originally applied actually in
14 Michigan City in the consortium, I think, with
15 Ceasars and Circus. That was ultimately
16 withdrawn. They joined with us as a financial
17 partner in the Dearborn County application and
18 here we come in together as a full-blown joint
19 venture 50/50 operation.

20 CHAIRMAN KLINEMAN: Anyone else have
21 anything further? It's been moved and seconded
22 that we adopt Resolution 1996-2. All those in
23 favor say aye. Contrary. Resolution is adopted.

24 MR. BOB LIST: Thank you very much,
25 Mr. Chairman.

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CHAIRMAN KLINEMAN: The next item is request of Swiss Gaming Company L.P. to change the ownership and terminate the prospective private placement of stock previously as reflected in Part II of its application. Mr. Thar, you want to tell us a little bit about that.

MR. THAR: Yes, in essence at one time and technically still as of today this applicant was known as Swiss Paradise L.P. When we were preparing to get ready to do Switzerland County there was a proposed purchase of Paradise Gaming Company by National Gaming Corporation. As a result, Swiss Paradise or Paradise withdrew from that applicant and the remaining interestholders consisting of Mr. Nick and Dick Stein requested that the application still remain before the Commission even though they realize they would not be considered when we did Switzerland County. Subsequent to that they have now basically are pulling all of the different interests that existed out there into one business entity, if I understand it correctly, and they are asking therefore that the interest previously owned by Paradise now go into a corporation owned strictly

1 by Nicholas Stein. Mr. Brown, Mr. Snyder are
2 both here if you wish to elaborate or correct
3 anything they've said that is not accurate with
4 regard to the application.

5 MR. NICK STEIN: Thank you, ladies and
6 gentlemen. My name is Nick Stein. Mr. Thar has
7 correctly stated our position. We're just trying
8 to hang in there basically and I'm trying to
9 acquire the 83 percent ownership which was
10 previously owned by Paradise Riverboat Casino
11 which was our general partner of one percent and
12 Paradise Gaming Corporation which was the 82
13 percent owner. As Mr. Thar indicated, Paradise
14 about a year ago decided to pull out and we had
15 the Commission's approval to hang in there, and
16 we're still wishing to do that at this time. The
17 ownership would be, if you would approve it
18 today, 83 percent ownership by myself and 17
19 percent by myself and my uncle.

20 COMMISSIONER ROSS: By yourself and who?

21 MR. NICK STEIN: My uncle Dick.

22 CHAIRMAN KLINEMAN: Dick Stein.

23 MR. NICK STEIN: Yeah, Dick Stein.

24 CHAIRMAN KLINEMAN: Any further questions
25 of Mr. Stein?

1 COMMISSIONER SUNDWICK: What is your
2 intent? Are you going to move this ownership to
3 yourself?

4 MR. NICK STEIN: Yes, sir.

5 COMMISSIONER SUNDWICK: From the last
6 time we went through the Switzerland County
7 program you withdrew. You decided not to compete
8 at that time but keep the license open, your
9 application open.

10 MR. NICK STEIN: Yes, Mr. Sundwick, we
11 had attempted to come in with Hollywood last
12 March. You had the hearings in June and advised
13 us there wasn't quite enough time, so we
14 understood that. We asked just to remain
15 dormant. Unfortunately, I'm in that similar
16 position now. I've courted a number of gaming
17 companies between November 17th and December
18 28th. Time frame was a little short. Had the
19 opportunity to speak with the fine gentlemen from
20 Hilton and Boomtown and they elected to go with
21 Mr. Forbes. We would like to continue to hang in
22 there because of the uncertainty of the future.
23 We feel it's no harm to anybody. I don't think
24 Boomtown-Hilton has any objection to us hanging
25 in Switzerland County. It just adds to the

1 competition.

2 COMMISSIONER SUNDWICK: My concern last
3 time we were here people from Switzerland County
4 stood up and said we want two people and now it
5 appears to be that we really have just kind of
6 one and somebody wants to hang in.

7 MR. NICK STEIN: Yes, sir, we do. I was
8 competing with the same people that Casino Magic
9 has been competing with, same people (inaudible)
10 in Harrison County was competing with in an
11 attempt to find a gaming partner. The climate
12 keeps changing from day to day, and I know Mr. --
13 I think his name is Frick from Casino Magic spoke
14 in St. Louis at the convention he said "You wait
15 until Floyd and Clark County elections fail. I
16 will have so many gaming companies pounding my
17 door down it won't even be funny," but that
18 didn't happen. I thought the same thing in
19 Switzerland County. Actually we had a lot of
20 interest, but with the uncertainty of the
21 legislation right now, it just put a little bit
22 of a chill, but who knows what tomorrow may
23 bring? That's why I'm trying to hang in with the
24 application. Who knows? I may want to move to
25 East Chicago some day. I don't know. I'm just

1 trying to -- they're listening.

2 COMMISSIONER BOCHNOWSKI: I have no
3 problem with him buying this. Right now you
4 would obviously not be very competitive.

5 MR. NICK STEIN: That's true.

6 COMMISSIONER BOCHNOWSKI: But that's your
7 problem.

8 MR. NICK STEIN: That's right, it is.

9 COMMISSIONER SUNDWICK: I'm trying to go
10 back to the people in Switzerland County. Said
11 we want to keep two people here. It doesn't
12 appear to date that that's in their best
13 interest.

14 MR. NICK STEIN: Mr. Sundwick, I think it
15 has to do with the limitation of number of sites
16 in Switzerland County too. Right now Boomtown
17 and Hilton have both of the best sites argueably
18 and I have argueably the third best site, and
19 that was another main factor in my inability to
20 come with a good gaming partner, but believe me,
21 I talked to a number of good gaming partners.
22 And who knows? If there's a moratorium,
23 Boomtown-Hilton are great people. They'll
24 probably stay here, but in a year from now they
25 may not. One of those other properties may open

1 up and I may be back in the game. This
2 application has half a million dollars invested
3 in Switzerland County and we don't see where it
4 hurts anybody. So we would request that you
5 allow me in fact to own this corporation and move
6 forward.

7 COMMISSIONER ROSS: What will you be
8 doing while you're waiting?

9 MR. NICK STEIN: Reading the newspaper.
10 Following -- all kidding aside, following what
11 happens with Boomtown-Hilton. If they get
12 awarded the license this June or whenever, then I
13 don't know. The application may be transferred.
14 You just don't know. But I've been in
15 Switzerland County since November of '93. I was
16 at the Christmas dinner with Mr. Forbes. I know
17 those people too, and I just don't want to quit.
18 I'd rather hang in there until there's a good
19 reason to tell me not to.

20 CHAIRMAN KLINEMAN: I guess by approving
21 the transfer of the ownership to you I guess I
22 would state that that doesn't mean we're going to
23 then allow you to later to bring a gaming partner
24 in. A lot of it would depend upon what time, the
25 status of the investigations at that time because

1 the argument made by Switzerland County was we
2 didn't want any additional applicants down here
3 because it would delay the consideration of
4 Switzerland County as a site maybe to the
5 detriment of the fact that we only have two
6 licenses left on the Ohio River. I personally
7 think that if that argument was valid and we
8 heard that at the last meeting up there, then it
9 would hold true on to whatever you came up with.
10 So I would consider transferring to you not to be
11 a commitment by this Commission that we will then
12 allow an additional person to come in.

13 MR. NICK STEIN: I understand that fully.

14 CHAIRMAN KLINEMAN: Any further
15 discussion? I think it's been moved and
16 seconded. Is there a motion to adopt Resolution
17 1996-3?

18 COMMISSIONER BOCHNOWSKI: I'll second.

19 CHAIRMAN KLINEMAN: It's been moved and
20 seconded. Any further discussion? Hearing none,
21 all those in favor say aye. Contrary no. It's
22 approved, Mr. Stein.

23 MR. NICK STEIN: Thank you, Mr. Klineman.

24 CHAIRMAN KLINEMAN: The next item is the
25 request of Madison Landings Associates, Inc., to

1 withdraw its application for a riverboat owner's
2 license for Harrison County. Mr. Thar, does that
3 need any further explanation?

4 MR. THAR: It really doesn't. The letter
5 that they sent to the Commission is attached to
6 the resolution. It is basically indicating that
7 they do not feel further that the application is
8 in their best interest. I would advise there are
9 four other very competitive applicants in
10 Harrison County. This applicant basically feels
11 that it's not in a position to compete with the
12 other four and wishes to withdraw.

13 CHAIRMAN KLINEMAN: Anything further? Is
14 there a motion it adopt Resolution 1996-4 which
15 would authorize the withdrawal of Madison
16 Landings?

17 COMMISSIONER SWAN: So moved.

18 CHAIRMAN KLINEMAN: Been moved.

19 COMMISSIONER MILCAREK: Second.

20 CHAIRMAN KLINEMAN: And seconded. All
21 those -- any further discussion? Hearing none,
22 all those in favor say aye. Contrary.
23 Resolution 1996-4 is adopted.

24 Request of Perry County Riverboat L.P.
25 to withdraw its application for a riverboat

1 owner's license for Perry County. Mr. Thar.

2 MR. THAR: Again, this is an identical
3 situation to previous. Perry County Riverboat
4 L.P. has simply indicated they no longer wish to
5 proceed with their application. The only
6 difference I suppose is that would leave Perry
7 County without an applicant, but I guess part of
8 the reason the applicant is pulling out is they
9 don't see Perry County to be quite as competitive
10 location for riverboat as the other groups they
11 would be competing against. I know their counsel
12 is here as well as the vice-president of
13 (inaudible) if the Commission has any questions
14 of them.

15 CHAIRMAN KLINEMAN: Does anyone wish to
16 hear anything further on this?

17 COMMISSIONER BOCHNOWSKI: Really can't
18 stop somebody from withdrawing.

19 MS. DONNA MOORE: Good morning, Mr.
20 Chairman, members of the Commission, Mr. Thar,
21 Miss Fleming. Donna Moore on behalf of Perry
22 County Riverboat. I'll be more than happy to
23 answer questions if you have any.

24 CHAIRMAN KLINEMAN: You're the person who
25 addressed the letter to the Commission?

1 MS. DONNA MOORE: That's right. I'm
2 their counsel.

3 CHAIRMAN KLINEMAN: Any questions of Miss
4 Moore? Hearing none, is there a motion to adopt
5 Resolution 1996-5?

6 COMMISSIONER ROSS: So moved.

7 CHAIRMAN KLINEMAN: Moved by David. Is
8 there a second? Bob. Any further discussion?

9 COMMISSIONER VOWELS: Mr. Chairman, I may
10 have a possible conflict with this. I think the
11 person I rent my office space from may be one of
12 the investors and so I'm going to abstain.

13 CHAIRMAN KLINEMAN: Let the record show
14 that Mr. Commissioner Vowels abstains from the
15 consideration of this matter. Hearing no further
16 discussions, all those in favor of adoption of
17 the Resolution 1996-5 say aye. Contrary.
18 Resolution is adopted with Mr. Vowels abstaining.
19 Thank you.

20 MS. DONNA MOORE: Thank you.

21 CHAIRMAN KLINEMAN: The next is the
22 review of certificate of suitability issued to
23 Indiana Gaming Company L.P. Would those people
24 please come forward. Well, Mr. Long, we're here
25 to hear how well things are going.

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MR. TOM LONG: I think you'll be pleased,
Mr. Klineman.

CHAIRMAN KLINEMAN: However, everything
hasn't fallen completely into place yet.

MR. TOM LONG: It's getting there.
Nothing moves as quickly as you'd like it to.

CHAIRMAN KLINEMAN: If you'd identify
yourself for the record.

MR. TOM LONG: Good morning, members of
the Commission, Mr. Klineman. My name is Thomas
Long. I'm chief executive officer of Argosy
Gaming Company, the general partner of Indiana
Gaming. I have here with me today a number of
people on our staff who have participated in the
events in Lawrenceburg. Gentleman who is putting
up the easel is Mr. Brad Meyer, our controller
for the project in Lawrenceburg; Mr. Peter
Rusthoven, of course, our counsel for the
company; Jeff Roberts who is our associate
general counsel at Argosy; Mr. Roger Archibald
who is our budget director and development; Mr.
Arnie Block who is our general manager at the
Lawrenceburg project, and I think Mr. Paul Keller
is here. There's Mr. Keller in the back, who is
our project director. Mr. Steve Norton, our

1 president and chief operating officer.

2 Mr. Sundwick, since June of 1995 we have
3 taken many many -- Mr. Klineman -- many many
4 steps towards completing the project opening.
5 I'd like to go through those with you and kind of
6 let you know where we're at. We have on a
7 monthly basis met with Mr. Thar either over
8 conference telephone calls or in person keeping
9 him informed on various issues and we have
10 updated our staff progress, our progress with the
11 staff on a monthly basis. After our meeting and
12 the granting of preliminary certificate of
13 suitability we went back and rescheduled and
14 remodified the plans for our project to include
15 the 300-room hotel. That required us about an
16 extra 90 days to reconfigure the specifications
17 for the hotel, acquire the additional land that
18 we had promised the board we would acquire in
19 order to provide for the expansion and to move
20 forward with the project. In a few moments we
21 will have some schematics up showing you what the
22 project will be in the end.

23 After our meeting in June we then went
24 back in light of the larger plan and we are
25 required under the development agreement with the

1 city to re-negotiate and clarify the scope of the
2 project because it was much larger. We have now
3 entered into a completed amended development
4 agreement with the City of Lawrenceburg that
5 clarifies the issue such as the contrary site and
6 the leasing of it, the boat dock and the
7 conservancy district issues, Arch Street Park,
8 the fairgrounds and parking. The city needed
9 some additional moneys to move forward with some
10 of their expenses and we've agreed to provide
11 them with some funding up-front to move forward,
12 about half a million dollars. Of course, we
13 spent a great deal of time on the Highway 50 plan
14 which we had a hearing about here before the
15 board.

16 One of the largest projects we had and
17 one of the largest issues we had to deal with was
18 the issue of the conservancy board and the lease
19 with the conservancy board for the property where
20 our boat slip was going to be. As the Commission
21 may or may not be aware, a new conservancy board
22 was appointed in September. That has moved
23 forward very well. Jeff Roberts and Mr.
24 Archibald have worked very closely with the new
25 conservancy board members who are actually the

1 landlords of the property where our project will
2 be developed. We have a very strong and positive
3 working relationship with them, and I think that
4 each of you have in your packet a letter from the
5 chairman of the conservancy board asking that our
6 certificate be extended and indicating of course
7 that we have moved forward with a very positive
8 working relationship with the board. We are
9 happy to announce that the conservancy board and
10 the City of Lawrenceburg have worked out an
11 agreement with regard to sharing the revenues
12 from the boat operation. Of course, that was an
13 agreement that needed to be worked out between
14 those public entities and not necessarily Argosy,
15 but we aided and assisted in that process and
16 that has been completed. So we have had Mr.
17 Barry Nance, who couldn't be here in person, send
18 a letter to Mr. Thar, of which you have a copy,
19 requesting that our certificate be extended so
20 that we can continue moving forward with our
21 project.

22 I think the most important thing in the
23 process is that prior to moving forward with the
24 conservancy board issues we undertook a very
25 extensive set of public meetings to inform the

1 public in the area exactly what was being
2 undertaken from the standpoint of Argosy's
3 project. The conservancy board was very diligent
4 in having us present to them and to the general
5 public I think in a series of three meetings what
6 the project was going to be, the scope, the
7 impact it was going to have on the local
8 community, and I think that dissuaded many of the
9 questions that were in the local community about
10 what the project is. As many of you are aware
11 now, these projects become quite rumor infested
12 and everything becomes fact, and it really isn't
13 fact, and so we have tried to dispel that, and I
14 think the relationship that exists now is one of
15 which since Mr. Block has been there full-time
16 and our staff is building and they're in the
17 community on day-to-day basis, more facts than
18 rumors now exist, and we think that's good for us
19 as a developer and for the board as a regulatory
20 body.

21 As you know, we modified our original
22 road plan. We've been working very closely with
23 INDOT and with the regulatory agencies related to
24 the road plan. The modification was approved at
25 our meeting I think in September or October, and

1 that plan appears to be going as we had
2 represented it to the Commission. We have worked
3 very closely with the conservancy district and
4 Central Indiana Railroad, with CSX, with everyone
5 involved in order to make project work. I'll
6 report on that in a little more detail later on.

7 As I said, with the levee district one
8 of the issues was we were going to put a breach
9 in the levee to allow access for our temporary
10 site for people to come back and forth. That was
11 an engineering issue that the conservancy
12 district people were concerned with, and I think
13 after our engineers and their engineers worked
14 together they really found that what we were
15 proposing was going to improve the project there,
16 and so that has been approved. It is not an
17 engineering issue and that is now moving forward
18 without anything other than the construction
19 issues to deal with.

20 So in summary, with regard to the
21 conservancy district issues and the leases that
22 we needed to operate, I think I can report with a
23 great deal of confidence that is complete. The
24 process is done and we are moving forward. The
25 other land which is necessary for us to develop

1 on, of course, you are aware that we own in fee
2 simple and we went out and acquired additional
3 parcels of land to be able to expand our hotel
4 development and be able to have adequate parking.
5 We're happy to say we made that acquisition --
6 those acquisitions of real estate and they are
7 incorporated into our plan.

8 On the land development issues we are
9 dealing with, first and foremost, of course, we
10 need the city to cooperate with us in vacating
11 some streets in order to have adequate traffic
12 flow, and that's been done. We have -- the city
13 has mandated, has worked with a couple of -- some
14 of the landowners in the bottomlands to provide a
15 public road access through our property so that
16 access is not cut off to them. That issue has
17 been resolved. We have committed as a company to
18 acquire four additional homes in the area that
19 are in our development area in order to provide
20 some more green spaces, more park space in that
21 area, and we have come to an agreement with the
22 city on the cap for the price and we are moving
23 forward with that, and I think that the key
24 issues we've dealt with with the city have been
25 the re-negotiation and reworking of the

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development agreement to bring it into conformity with the size and scope of our project. Increasing the hotel size to 300 had impacts on some traffic, on some parking, on other issues that we brought it into conformity, and as I said, the city had some issues after they looked at what the project was going to be about allocations of funding and we've agreed to start providing them funding up-front. I think our first -- we're going to start making payments to them February 1st rather than waiting until the day we open that they will have the cash flow necessary to do some of the things necessary to provide the infrastructure and the support to us as the project goes forward.

As you know, there's been an election in the City of Lawrenceburg which basically has changed the city government. I had an extensive meeting last week with the new mayor and some of his staff and some aldermen at a nice three-hour meeting where we went over our project and the issues that are involved. It virtually is a new city council. I think one member of the city council has held over, but the balance of them are new and they're getting their feet on the

1 ground as to what the project is going to be. We
 2 had a very constructive meeting and we agreed to
 3 continue to meet to work with the city in
 4 developing a program that they'll be very
 5 comfortable in helping us administer throughout
 6 the City of Lawrenceburg.

7 With regard to -- so in summary, on the
 8 issues with the city, I believe that those issues
 9 have been resolved. We're moving forward with a
 10 mutual understanding of what needs to be done to
 11 develop the project. The city's moving forward
 12 with the infrastructure necessary to support us,
 13 i.e, the electric and utilities and all those
 14 things necessary for our temporary site. They
 15 have agreed we have access under a lease basis to
 16 our temporary site at the end of Walnut Street.
 17 We worked out the traffic issues, and so I think
 18 from that standpoint things are quite subtle and
 19 moving forward.

20 With regard to the longer-term project,
 21 the permanent facility, we have been working
 22 day -- co-extensively on the permanent facility
 23 along with the temporary. There are many time
 24 line driving issues there, not the lease of which
 25 of course is the road coming in off 50. It's

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taken a great deal of time to work through some of the issues that were involved there. We have completed agreements with the Central Indiana Railroad. As when we were before the Commission before we committed to the Commission that Segrams would always have the service that was necessary to provide to them. CSX, Central Indiana Railroad, ourselves have all sat down and worked through a trackage rights agreement which has now been executed between the parties, CSX and CIRR, which assures continued service on terms and conditions that are commercially acceptable to the Segrams people, and the things necessary to abandon the railroad and go forward and build the road have been completed to the extent from a jurisdictional standpoint. We have done a great deal of work looking at the abandonment process and hired special counsel in Washington that has informed us that the process is really simpler because we are under an exemption than we had originally thought. So from that standpoint it looks like it's going to go faster than we thought, Mr. Klineman. We do have some issues there that we are requiring we need the city's help with on a condemnation of a

1 piece of that right-of-way. It does not affect
 2 any homes. It does not affect any commercial
 3 property. It strictly deals with the issue as
 4 any of those of you may or may not know,
 5 railroads were often times built on grants of
 6 easements and reverters and a bunch of legal
 7 terms that only Professor Cribbet and Jack Thar
 8 and I have forgotten much of what they ever said
 9 about that. We have -- are trying to clean up
 10 those issues which will be done through a
 11 condemnation but will not involve impacting any
 12 homes or businesses. It strictly is coming back
 13 in over the railroad property so then we can
 14 build a road on top of it. The city will act as
 15 the condemning authority and we believe it can be
 16 completed expeditiously. So that the program for
 17 the road, as we had described to you in our last
 18 meeting, will be completed as we see it. We're
 19 very -- that has taken a great deal of time
 20 because there are a lot of very complicated
 21 issues, not the least of which was our commitment
 22 to the city to do whatever we could do with
 23 Central and CSX to re-route some of the tracks on
 24 Williams Street, and we have worked with the
 25 federal administration to try to find funding to

1 help re-route the tracks, take out some
2 crossings. Central Indiana Railroad has been
3 tremendous to work with in helping us with this.
4 The same with CSX. We believe there is a very
5 very good chance that we'll be able to get a
6 special allocation from the government to help
7 re-route some of these crossings, which is their
8 goal to get rid as many of the crossings as they
9 can in congested areas. So we have worked with
10 that with special counsel from Washington and it
11 appears that is moving forward. I can't commit
12 to you today, however, that that funding will all
13 be there, but I believe I'm accurate in saying
14 that the railroad acquisition and abandonment can
15 go forward even if the Williams Street
16 realignment does not take place. So it is not
17 all tied, but we are committed to try to find
18 that funding and we will continue to do that. We
19 have in fact committed six hundred some thousand
20 towards that project which we had not had to
21 commit, but we said they needed a jump start so
22 we're trying to move that forward and see if it
23 will work.

24 The permit process, the Corps of
25 Engineers permit process is going along smoothly.

1 We -- all applications have been filed. The
2 comment periods have been done. The comments
3 we've received back have not nearly been as
4 extensive as we thought they would have been, but
5 the process is taking longer than we would like.
6 It appears now that we have a hearing February
7 22nd in Lawrenceburg for the Corps. Everything
8 is done and then we will moved forward with the
9 permitting after that. I think the Corps would
10 say to you that everything is on schedule from
11 their standpoint. As you recall, it was
12 mentioned in the meeting that it's a nine-month
13 process or so. We have certainly hoped it would
14 be quicker, but I think they're right. It is a
15 nine-month process. From September through
16 probably March will be about that period of time.

17 As we sit here today, we don't see any
18 impediment in a successful granting of a permit
19 of a site -- Corps permit for our temporary and
20 our permanent sites. Many issues we've worked
21 around very closely and many administrative
22 agencies with the state, some archeological
23 issues to flood issues to risk issues, all the
24 things that are necessary to make these projects
25 happen. But as I have commented to Mr. Thar in

1 the past, we -- there is nothing that we see that
2 is not manageable and can't be dealt with with
3 appropriate resources and planning and the
4 engineers. One thing the engineers always tell
5 you is they can build anything, of course if you
6 have enough money to build it. There's always a
7 solution. But we have not run into those issues
8 that are prohibitive. They are just time-
9 consuming and some historical issues that we're
10 dealing with and we have a good relationship with
11 the historical area in Lawrenceburg and archeo-
12 logical issues that we are dealing with, and
13 those are moving forward on an appropriate
14 schedule and we look forward to issuance of our
15 permits sometime in March.

16 You have a report from our engineers as
17 to the status of our permits and where it goes,
18 and two reports, one from the city's engineers
19 PDR, dated December 29th, another from American
20 Consulting Engineers, our engineers, dated
21 December 27th. So from the standpoint of what is
22 necessary to go forward on land projects, leases,
23 easements, et cetera, we believe we have that
24 well in hand.

25 Speaking to the permanent site for a

1 moment, one thing I know that Commissioner
2 Bochnowski was concerned with was our mitigation
3 plans have all been submitted and approved. We
4 have mitigation plans of approximately twenty to
5 one, far in excess of what was required, we had
6 committed, but what has really happened is that
7 Oxbow and Argosy have worked very closely
8 together to work out a plan that appears to be
9 quite good for everybody, which has allowed us to
10 lease some additional conservancy land and use it
11 for mitigation, and it has worked out very well
12 and I think everyone is quite pleased with that
13 program. So wetlands mitigation is well in hand,
14 and that was the one thing I know was of some
15 concern here. As we had committed, we
16 immediately went to work working with the Oxbow
17 people and we're very happy -- the cooperation
18 they showed us and the cooperation we have tried
19 to extend back to them in making this work for
20 everyone.

21 Marine development, not only are the
22 real estate issues involved in these things, but
23 we have to build boats and things. We have been
24 in the process and we have acquired through lease
25 a landing facility for our temporary site. We

1 acquired the Spirit of America barge which was in
2 Cincinnati. That barge is currently in Louisiana
3 being rehabbed. We had gone to one of the
4 Indiana boat companies, Jeffboat, to see if they
5 could do the rehab for us, but they couldn't
6 handle the size of the barge. It's 262 by 71.
7 This will be our terminal facility to have our
8 buffets, ticking and queing areas for the
9 temporary site which will be at the foot of
10 Walnut Street. We acquired that facility, we
11 bought it and we are now rehabbing it. Probably
12 see some pictures of it here in the book. That
13 facility then will be owned and operated and used
14 only during the period of the temporary site and
15 after that we'll put it back in our inventory and
16 use it one of our other facilities at Argosy.

17 COMMISSIONER BOCHNOWSKI: So they'll be
18 actually be buying their tickets to get on on the
19 boat?

20 MR. TOM LONG: The ticketing -- on the
21 barge, ma'am.

22 COMMISSIONER BOCHNOWSKI: Okay.

23 MR. TOM LONG: There's a number pictures
24 of that facility in there. We are doing some
25 continuing rehab there. So we'll have our

1 restaurant in there and our queing areas and all⁴³
2 the things necessary to support the facility.

3 We have acquired via lease from the
4 Station Casinos people a riverboat which we'll
5 use on a temporary basis until our large boat is
6 completed for the permanent site. We have --
7 that facility will utilize approximately a 23
8 to -- 15 to 25 hundred passenger capacity.
9 Approximately 12 hundred or so gaming positions
10 will be available for the temporary site
11 utilization. That boat is under our control. We
12 have it leased and we are going through cleaning
13 it up, rehabbing it, et cetera. Not that it
14 needs a lot but just doing a general cleaning
15 after it had been in use by St. Charles. Of
16 course when our permanent boat is built we will
17 terminate that lease and it will go back to the
18 St. Charles Riverboat Company.

19 COMMISSIONER SUNDWICK: This picture you
20 have in front of the Embassy Suites, is that the
21 structure that you propose?

22 MR. TOM LONG: No, sir, that's just a
23 picture when it was in Cincinnati. That's the
24 Spirit.

25 COMMISSIONER SUNDWICK: The barge part?

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MR. TOM LONG: Right, the actual boat --

CHAIRMAN KLINEMAN: What you are you calling a barge looks a lot like a riverboat. That's our problem.

MR. TOM LONG: The one on the left.

COMMISSIONER SUNDWICK: The other one was still there the other day.

MR. TOM LONG: The riverboat is not there any longer. We have at the same time entered into a contract for the construction of our permanent boat. It's the largest riverboat project -- largest boat being built for a riverboat right now in America, 408 by 100. Very competitive process in which Service Marine was awarded the contract, approximately \$38 million contract. We are now in the process of -- steel has been acquired, is being cut and welded. This vessel will have approximately 74,000 to 75,000 square feet of gaming, 2,600 gaming positions approximately, 3,500 passenger capacity, 5,000 square foot showroom area for the non-gaming activity and the things we represented to the board when we were here for our license issue.

COMMISSIONER BOCHNOWSKI: How much did you say that would cost?

1 MR. TOM LONG: About \$38 million before
2 equipment. After that it will be approaching the
3 50 million dollar range when it's fully
4 outfitted. As I said, that boat is under
5 construction right now, under competitive bid
6 contract, and a contract that is not greater than
7 contract with the boatyard.

8 The necessary risk assessments have been
9 done and worked on and are being commented on
10 right now for the operation by Hornblower and
11 between our marine companies. So we have moved
12 forward with the key components. We have boats
13 under control, landing facilities under control.
14 We have designed a permanent facility which I'll
15 ask Paul Keller in a moment to talk to you about.
16 So that is all moving forward.

17 Operationally we are, as I said, very
18 proud to have appointed Mr. Arnie Block as our
19 general manager. Arnie was former general
20 manager of our Alton operation and has been the
21 former director of the Visitors and Convention
22 Bureau in Alton. He's well aware of what it
23 takes to open up a riverboat in a new town, in a
24 town that hasn't had one. Arnie was director of
25 the Convention and Visitors Bureau when we opened

1 the Alton facility five years ago so he knows
2 what's necessary to work with the local
3 community, what's necessary to work with the
4 businesses to help them be comfortable with
5 what's happening, and he's a great pick there and
6 they've done a wonderful job.

7 Sales and marketing team is in place and
8 aggressively pursuing marketing opportunities for
9 us. We've held a great deal -- a number of
10 public sessions. Arnie holds a weekly or
11 bi-monthly television program on cable TV and
12 answers questions for people about what's
13 happening. We are entering into a large
14 wide-sweeping billboard program to announce the
15 potential coming of the riverboat in that area.
16 Our gaming school has opened for craps dealers
17 and we're expanding it into blackjack later this
18 month or early February. We've got over 3,000
19 job applications received to date. Human
20 resource people are reviewing those applications
21 and we are concentrating on certainly Indiana-
22 qualified people and very sensitive to the issues
23 of minority hiring both from a vendor standpoint
24 and an employee standpoint. We've been very
25 active in recruiting in those areas and we will

1 continue to be as we move forward with the
2 opening process.

3 I'm going to move at this point in time
4 to ask Paul Keller to kind of explain the site
5 plan to you as well as some of the schematics he
6 has on our permanent plan. Paul.

7 MR. PAUL KELLER: Thank you, Tom. I just
8 want to take a few minutes to review with the
9 Commission the plans for the permanent project.
10 Our board down here shows a road plan that is the
11 same as what we presented back in September,
12 essentially a widening of the U.S. 50 project to
13 seven lanes from the current project which would
14 widen it to five lanes. So there would be three
15 northbound, three southbound and a center turn
16 lane with an intersection at a location that's
17 within the City of Lawrenceburg but just on the
18 eastern edge of Lawrenceburg that would bring the
19 link road in to the project without impacting the
20 town itself. We have worked very long and very
21 hard with the various commercial businesses along
22 U.S. 50 to ensure that the driveways and means of
23 access and those businesses are accomodated in a
24 proper fashion. I think INDOT feels fairly
25 comfortable with this plan. They're having a

1 public meeting Wednesday night in Greendale to
2 discuss it further with the public, but this plan
3 seems to be moving forward quite well and INDOT
4 would like to begin construction on it in
5 February. So they're very close. The plans have
6 been completed. They've been submitted to INDOT.
7 All the signalization and all that design work
8 has essentially been done.

9 On the board directly above it is our
10 overall master site plan. I would just direct
11 you to look from the top of the plan on down our
12 parking garage, our pavillion building which is
13 sort of the L-shaped building, and then the
14 hotel. The hotel is primarily on land that was
15 acquired following the June hearings as we had
16 indicated that we would do. The boat slip is in
17 essence at the same location it always has been.
18 The pavillion, as you can see on the boards over
19 there, really takes its thematic from the town of
20 Lawrenceburg. We had special team of architects
21 really look at the town. We did a lot of -- we
22 took a lot of photographs. We really studied the
23 vocabulary of the architecture in town and tried
24 to reflect that has best we can in our pavillion
25 building, which is why certain details like

1 certain window details and certain treatments are
2 done in an effort to harmonize as best we can
3 with the town. This project has received the
4 support of the Lawrenceburg Board of
5 Architectural Review which is the body that
6 officially would issue a certificate of
7 appropriateness, and we have worked with them on
8 this project very well, I believe.

9 The main pavillion will -- is
10 essentially a four-story structure, the first
11 story being in essence underground. That's the
12 back of house level, employee support and those
13 sorts of things. The first level the patrons
14 will enter on, the patrons will enter a grand
15 sort of rotunda with stained glass ceiling and so
16 forth. I think a very very impressive and
17 beautiful space. The next level up buffet
18 functions and specialty dining functions. Then
19 on the top level which is the bridge level over
20 to the boat will house ticketing, coat check, a
21 fast food court and a sports bar entertainment
22 center. All of this is done I think in a very
23 very first-class manner. The hotel, 300 rooms as
24 we had promised. Again similar Victorian style
25 architecture. Separate drop office so that we

1 can service bus groups and tour operators and
2 patrons will have a means to connect the hotel
3 into the pavillion so the hotel guests can
4 utilize the restaurants in the pavillion also,
5 travel over to their hotel in a weather type
6 enclosure.

7 The slip, as you can see, is very much
8 the same as we had proposed earlier, but in the
9 sense that the slip has been designed really to
10 avoid the major archeological known sites in the
11 area. We do have some archeology mainly at the
12 mouth of the slip that we will have to do some
13 initial investigation on, but the majority of the
14 slip is void of archeology. The slip was also
15 designed in its manner to minimize the impact on
16 wetlands. At one time early in the process we
17 had proposed a much larger harbor. We've reduced
18 that now to a slip, which I think everybody has
19 appreciated on the environmental front.

20 That in essence is our project in a
21 nutshell.

22 MR. TOM LONG: Thank you, Paul. We have
23 been working diligently, as you can see, on many
24 many issues from real estate to marine issues to
25 personnel issues, but I think as we stand here

1 today, Mr. Chairman, I can report that we believe
2 that we are well within reach of being able to
3 have a successful opening for the project and to
4 be able to bring additional tax revenues to the
5 State of Indiana and to bring a first-class
6 project to the Dearborn County area. We probably
7 are in a time frame of late May to June to get
8 this project open now in view of some of the
9 Corps things that have happened, but it's on line
10 there. We will, of course, be moving forward
11 with our permanent construction at the same time.
12 We realize that one-year deadline issue from the
13 time we open, that's one of Paul's main headaches
14 is to make sure that the permanent construction
15 can be open at the same time within one year
16 after we're granted hopefully our temporary
17 operating permit.

18 I'd be happy to entertain any questions
19 any member of the board may have or the staff and
20 we have our people here who, if I can't field the
21 question for you, can certainly answer in more
22 detail.

23 CHAIRMAN KLINEMAN: Any commissioners
24 have any questions?

25 COMMISSIONER BOCHNOWSKI: I'm just going

1 to make sure I've got this time line correct.
2 The Route 50 construction you expect to begin in
3 February which is next month, correct?

4 MR. TOM LONG: Paul.

5 COMMISSIONER BOCHNOWSKI: I don't need a
6 big explanation. Just trying to --

7 MR. PAUL KELLER: That is what INDOT has
8 indicated they would like to do, yes.

9 COMMISSIONER BOCHNOWSKI: You give them
10 the money and they do it or --

11 MR. PAUL KELLER: That's right, it's
12 under their contract.

13 COMMISSIONER BOCHNOWSKI: Then you're
14 anticipating the Army Corps of Engineer permit
15 March 1st?

16 MR. PAUL KELLER: We're anticipating the
17 permit for the city boat dock, which is our
18 temporary site, could be issued sometime in
19 March.

20 COMMISSIONER BOCHNOWSKI: Then the
21 permanent site later?

22 MR. PAUL KELLER: It would be later.

23 COMMISSIONER BOCHNOWSKI: Any problems
24 with the permanent site?

25 MR. PAUL KELLER: No, it's just a

1 question of moving through the process. We've
2 received our approval from U.S. Fish and Wildlife
3 which was a major approval since they handle
4 endangered species and so forth. That's been
5 approved. We've worked very closely with IDEM.
6 They're very close to issuing a clean water
7 certificate. We don't see any major issues that
8 would slow the permit down. The permit is
9 essentially going at the pace the Corps thought
10 it would initially, and so we would guess that
11 that permit would be issued later.

12 COMMISSIONER BOCHNOWSKI: Now everybody
13 will believe them when they say that. Then you
14 will probably --

15 CHAIRMAN KLINEMAN: Excuse me. By later
16 you want to quantify that at all.

17 MR. PAUL KELLER: I would love to and
18 we've asked the same question to the Corps many
19 times. We always receive the same answer, which
20 is the Corps will issue the permit when the Corps
21 is satisfied, and while they can't put a time
22 frame on that because there are many things that
23 can happen in a permit process, they would only
24 say that they're sticking with their nine- to
25 twelve-month time line that they gave the

1 commissioners and all of us.

2 CHAIRMAN KLINEMAN: The application for
3 the permanent site was filed when?

4 MR. PAUL KELLER: Well, it was --
5 officially the file was closed as a complete
6 application in, I think, early or mid-September
7 because the application needed to be redone as a
8 result of the hotel construction. So nine months
9 from then would be June, and at this point the
10 Corps has told us they believe the permit is
11 actually moving along smoothly, maybe a little
12 more smoothly than they actually anticipated as a
13 result of a lot of pro-active work that we did
14 with public hearings and so forth. The Corps
15 only received eight requests for public hearing
16 on the entire permanent site. They were
17 expecting a couple of hundred so they -- we
18 haven't heard from any agency, federal or state,
19 that tells us that we have any environmental
20 issues or other issues that would tell us we have
21 a problem with getting a permit decision.

22 CHAIRMAN KLINEMAN: I'm sorry.

23 COMMISSIONER BOCHNOWSKI: I'm glad you
24 did that. That was good. So then your temporary
25 site will open late May or June?

1 MR. TOM LONG: We hope, ma'am, yes.

2 COMMISSIONER BOCHNOWSKI: And then your
3 permanent site? I'm trying to figure out how you
4 can get that done in a year if the Army Corps
5 doesn't issue --

6 MR. TOM LONG: We're moving forward on a
7 great deal of construction already. We're
8 confident enough this permission is going to be
9 issue we're taking some risk on that. We're not
10 waiting to do anything. We're moving forward
11 with foundations and construction and everything.

12 MR. PAUL KELLER: Actually the bulk of
13 our work takes place on the dry side of the
14 levee.

15 COMMISSIONER BOCHNOWSKI: So with that --

16 MR. PAUL KELLER: Now the Corps does have
17 to give us permission to actually begin that
18 foundation work once they are satisfied that
19 we're not impacting any archeology on the dry
20 side of the levee. We have done that archeo-
21 logical investigation. We don't believe we have
22 any archeology there, but the Corps has to agree
23 with that assessment, which we would anticipate
24 happening fairly shortly, and then we will
25 actually be able to initiate work on the dry side

1 of the levee before -- with the Corps'
2 permission, of course, but prior to the issuance
3 of a permit on the wet side of the levee.

4 COMMISSIONER BOCHNOWSKI: You're
5 anticipating that the dry side permission will
6 come before the wet side?

7 MR. PAUL KELLER: That's what we are
8 anticipating.

9 COMMISSIONER BOCHNOWSKI: As soon as you
10 get that then you'll start construction on your
11 dry side?

12 MR. PAUL KELLER: As soon as the Corps
13 gives us permission to begin on that we will --
14 the drawings are done. We're ready to go, and so
15 basically what we need to do now is have some
16 additional meetings with the Corps which are
17 being scheduled for later this month so they can
18 get a better assessment of what archeology does
19 or doesn't exist inside the old sawmill property.
20 Those studies -- have done those studies. They
21 just need to review them, digest them and let us
22 know.

23 CHAIRMAN KLINEMAN: You say the plans
24 are all completed. Has the project been put out
25 for bid or where are we?

1 MR. PAUL KELLER: The project is in
2 the -- we are at the completion of what they call
3 schematic level design which is just prior to
4 going into final working drawings. Because this
5 is a fast-track project, we'll be taking one
6 segment at a time. So the first portion that
7 goes out is the foundation followed by steel and
8 concrete and enclosures and that sort. When we
9 say completed design, we're saying that this is
10 the design, this is the plan that's going to be
11 built. It's just working drawings now.

12 CHAIRMAN KLINEMAN: You're saying now the
13 working drawings will be coming out in series?

14 MR. PAUL KELLER: That's right, for about
15 the next six or eight months.

16 MR. TOM LONG: We have contracted a
17 developer, a project manager, and they will be
18 bidding the projects out as we get each piece.

19 CHAIRMAN KLINEMAN: I forget who your
20 project manager is.

21 MR. TOM LONG: Messer Construction.

22 CHAIRMAN KLINEMAN: Is that the one you
23 had in June or have you changed?

24 MR. TOM LONG: Yes, sir, same one.
25 Anything else?

1 CHAIRMAN KLINEMAN: Any other
2 commissioners have any other questions?
3 Realistically you think you will be able to
4 complete the on-site permanent facilities within
5 a year after you -- but that's not a realistic
6 thing, is it?

7 MR. TOM LONG: I think we will, Mr.
8 Klineman. Paul has looked at it. It's a very
9 fast-track project. It's a tough -- it's a very
10 tough commitment under the statute to have to do
11 a project of this size, but statutorally I think
12 we've got no choice, so right now we are doing
13 everything we can to put the components together
14 to be completed. Paul, is that how you feel?

15 CHAIRMAN KLINEMAN: I guess it's a
16 function of -- the statute may sound tough, but
17 it's function of when you want to temporarily
18 open. That's where we start to -- if you would
19 delay the temporary, obviously a year would be
20 good.

21 MR. TOM LONG: No one intends to do that.
22 We want to open the temporary just as soon as we
23 can and get the permanent moving along as quickly
24 as we can. So that's why we're willing to take
25 risks on the construction on the permanent site

1 so that we can make it work. We'll have a lot of
2 money in the ground with our assessment that
3 things look okay with the Corps, and I've got to
4 rely on my engineers and the people that know
5 more about construction than I do, but they tell
6 me we can get it done. We are working very
7 diligently and moving forward with those time
8 lines.

9 CHAIRMAN KLINEMAN: How does it look
10 investment-wise? Are coming along
11 representations that you made as to what your
12 investment is going to be in this project?

13 MR. TOM LONG: Sorry to say, Mr.
14 Klineman, we're making every dollar of it work.
15 It's probably going to be possibly a little north
16 of what we had talked to the board about. We
17 will more than be adequate -- we will more than
18 reach the goal we gave you. Yes, it will be a
19 good project. Some things are coming in very
20 favorably and some things don't. Weather and
21 everything else impacts cost, but certainly the
22 project will be of the size and scope and the
23 investment that we had represented to the board.

24 CHAIRMAN KLINEMAN: Anyone have any other
25 questions?

1 MR. THAR: Did you discuss what the
2 problem was with the fairgrounds and what the
3 solution was?

4 MR. TOM LONG: I didn't discuss in
5 detail. The problem with the fairgrounds was
6 utilization by the fairgrounds and some other
7 entities and the city's really desire, after
8 second thoughts, not to use it for parking. So
9 the solution was that we moved over and acquired
10 land on our own and took a credit back from the
11 city. Isn't that right, John?

12 JOHN: Right.

13 MR. TOM LONG: It was basically the
14 desire by the city not to use it because they had
15 some other people who had access to it on certain
16 nights of the month and so they didn't believe
17 they could get access for us. So we went over
18 and acquired land and took a credit back from the
19 city.

20 MR. THAR: The other thing. My last
21 question is you are representing that you are
22 going to get your temporary permit from the Corps
23 of Engineers before the permanent?

24 MR. TOM LONG: We are going to get from
25 the Corps a permit to build the city dock. Then

1 the temporary permit for the casino and the
2 permanent permit for the casino come in tandem,
3 they come together.

4 MR. THAR: That's what I had believed.
5 That's not quite what I was hearing. So you will
6 not be able to operate a temporary site until the
7 Corps issues a permanent permit?

8 MR. TOM LONG: That's correct, Mr. Thar.

9 MR. THAR: Though you will be able to
10 construct it?

11 MR. TOM LONG: Yes, sir.

12 MR. THAR: That's all I have.

13 CHAIRMAN KLINEMAN: I am glad you brought
14 that point up because that's one of the
15 requirements, I think. No temporary operation be
16 put in place until the permanent permit is
17 issued.

18 MR. THAR: That's been the position of
19 the Corps.

20 MR. TOM LONG: What we will end up
21 getting, Mr. Klineman, is a permit from the Corps
22 for the city dock which will let us basically
23 construct everything and they will issue the
24 temporary casino permit and the permanent permit
25 at the same time which will let us move forward.

1 We'll have everything built.

2 MR. THAR: If there is a delay with
3 regard to the issue of permanent permit that will
4 delay the opening of the boat?

5 MR. TOM LONG: It could, Mr. Thar, yes.

6 CHAIRMAN KLINEMAN: Anyone else have
7 anything further? We have the question of
8 timing, Mr. Thar. Do you want to tell us what
9 kind of dates would be suggested? I guess the
10 original certificate would have expired December
11 30th?

12 MR. THAR: For 180 days and it's on or
13 about December 31st.

14 CHAIRMAN KLINEMAN: We did in December
15 extend it to February 29th so that it would keep
16 it alive until we could have this discussion that
17 we have just had. So now we're probably back to
18 six months from sometime around December 30th.

19 MR. THAR: Yes, it should be six months
20 from the date that it expired.

21 CHAIRMAN KLINEMAN: If everything works
22 out in round figures we're probably to June 29,
23 1996, which would make a total year.

24 MR. THAR: 180 days. June 25th.

25 CHAIRMAN KLINEMAN: We do have a leap

1 year too. The suggested date then would be
2 six -- I wonder if that turns out to be a good
3 date. Anybody more efficient than I who have
4 calendars? It's not a Sunday or something?

5 MR. TOM LONG: June 25th is a Tuesday.
6 The 28th is a Friday.

7 CHAIRMAN KLINEMAN: Shall we go for the
8 28th? Okay. We do appreciate your keeping Mr.
9 Thar -- and I know that's his modus operandi
10 which is to require the people who hold
11 certificates to report to the Commission. I
12 guess it's monthly.

13 MR. TOM LONG: Yes, sir.

14 CHAIRMAN KLINEMAN: And we encourage that
15 contact because that keeps this Commission
16 through its staff up to date as to what is
17 happening so that we can anticipate any good news
18 and maybe even hopefully not some bad news if
19 those things --

20 MR. TOM LONG: It works out well, Mr.
21 Klineman, it does. We appreciate that as well.

22 CHAIRMAN KLINEMAN: Then we have before
23 us Resolution 1996-6 which would extend the date
24 of the expiration of the certificate of
25 suitability issued to Indiana Gaming Company L.P.

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We need to insert in Section 3 the word "extended or revoked" and to insert in the next blank the date of June 28, 1996. Is there a motion to adopt Resolution 1996-6 with those insertions?

COMMISSIONER SUNDWICK: I'll make that motion.

CHAIRMAN KLINEMAN: Is there a second?

COMMISSIONER BOCHNOWSKI: I'll second.

CHAIRMAN KLINEMAN: Second by Ann. Any further discussion? Hearing none, all those in favor of adopting Resolution 1996-6 say aye. Contrary. Resolution is adopted.

MR. TOM LONG: Thank you, Mr. Chairman.

CHAIRMAN KLINEMAN: I did have one question. The Greendale problem, I guess that's all wrapped up in the Highway 50? I forgot to ask that question.

MR. TOM LONG: We are certainly dealing with the -- and you'll see there's a commitment on our part in here to turn that property over to -- and I think conservancy board, the new conservancy board is working closely with Greendale to figure out what they can do there. They have seen that they are going to have quite a bit of revenue, quite of bit of money, and they

1 are trying to do something to make everybody
2 happy on that project. So we're certainly aware
3 of it and trying to work with it everyday or as
4 soon as possible.

5 CHAIRMAN KLINEMAN: The next item on our
6 agenda is the request of -- review of the
7 certificate of suitability issued to Rising Sun
8 Riverboat Casino and Resort. This certificate is
9 in the exact same legal status as the one we've
10 just considered. It was issued on June 30th and
11 by its terms would expire sometime around
12 December 30th, and we did extend it then until
13 February 29th so we could have the hearing we're
14 about to have. So we're prepared to hear about
15 what's happening down in Rising Sun these days.

16 MR. DAN AZARK: Thank you, Mr. Chairman.
17 My name is Dan Azark with Hyatt Development
18 Corporation appearing on behalf of Rising Sun
19 Riverboat Casino and Resort. With me is Pat
20 Daily and Lisa Murray. Mr. Chairman, we're
21 pleased to be able to give you this update on our
22 activities in Rising Sun. We'll try to go
23 through this very briefly.

24 In anticipation of the project being
25 developed and managed by Hyatt affiliates and in

1 view of the challenges we see in marketing this
2 location, a considerable number of enhancements
3 have been made to the project. Our original
4 scope of work as reflected in the finding of
5 suitability included an investment of \$98.8
6 million. As a result of the enhancements, we now
7 anticipate project investments in excess of \$110
8 million. Hyatt remains committed to financing
9 the costs of this project. Over \$13 million have
10 been extended to date. Additional commitments of
11 over \$60 million have been made. The primary
12 enhancements to the project are as follows:
13 Approximately 100 additional acres of contiguous
14 land was purchased to permit us to locate the
15 golf course contiguous to the casino and the
16 hotel. The purpose of this is to enhance the
17 resort atmosphere of the project. The primary
18 entrance to the resort is now through the golf
19 course. We still hold an option on the land for
20 the remote golf course location that was included
21 in the original application, but we have no
22 current plans for the development of that parcel.
23 We have closed on the purchase of approximately
24 300 acres of land. We've increased the size of
25 the first phase of the hotel from 150 to 200

1 rooms and moved the hotel closer to the river
2 adjacent to the pavillion. The terminal
3 pavillion has been increased in scope to
4 accommodate four different food and beverage
5 facilities and the location of the pavillion has
6 actually been moved south closer to main street
7 Rising Sun for the synergies that both we and the
8 city see in the approximate and to minimize the
9 amount of dredging will be required to moor the
10 boat. This reconfiguration has the added benefit
11 of allowing us to open with our permanent parking
12 and with the permanent casino vessel in its
13 permanent mooring location.

14 Purchase of the riverboat is imminent.
15 The vessel being purchased will be equipped with
16 80 table games and approximately 1,300 machines.
17 We need to work with staff over the details of
18 moving this gaming equipment into Indiana in the
19 next couple of months. Purchase actually is
20 imminent. We do need to work through the details
21 of moving that equipment through. The boat is a
22 sternwheel paddle boat with excellent mobility
23 and will be well-suited for this location in
24 Rising Sun. The vessel is also considerably more
25 elaborate than the vessel that was in our

1 original application.

2 The resort land has been annexed by the
3 stiff Rising Sun and rezoned as a planned unit
4 development. These plans and elevations have
5 been approved by the city. We've received a
6 number of the necessary state permits required,
7 including IDEM 401 certification and DNR's
8 construction of the floodway permit. Other
9 permit progress was outlined in our letter to you
10 dated November 30, 1995, and is attached to the
11 letter that you have before you.

12 We continue to seek Corps approvals as
13 well. It's our understanding that the Corps is
14 primarily concerned with the impact of this
15 project has on archeological and other cultural
16 resources. You should know that review of our
17 permit application by the Corps has been
18 temporarily suspended pending review of what the
19 Corps has viewed as unauthorized construction on
20 the site. We hope to have this matter cleared up
21 very shortly. Work onsite in Rising Sun will
22 commence only upon receipt of Corps authori-
23 zations and Corps approvals. We expect that
24 prior to receiving a permit approval from the
25 Corps of course we will start construction of the

1 parking lots and utilities and roadways.

2 The Corps held a public hearing on the
3 project in Rising sun on November 15, 1995.
4 Commander Bruce Branham of the U.S. Coast Guard
5 testified in that hearing subject to certain
6 conditions. The maritime risk assessment
7 analysis is satisfactory, and preparation of the
8 emergency response plan required by this
9 Commission and by the Coast Guard will be
10 prepared by Riverboat Management, Inc., of
11 Lawrenceburg, Indiana. This firm has operated
12 our riverboat -- the marine operations of our
13 riverboat in Elgin and has been selected to
14 oversee marine operations in Rising Sun.

15 Local government and the applicant have
16 negotiated an amendment to the project agreement
17 that approves the current development plan,
18 provides an additional advance payment of up to
19 a half million dollars to the city to help defer
20 the costs incurred by the city in its re-
21 development efforts and also establishes a
22 non-for-profit recipient of the various
23 established incentives to local government that
24 we agreed to. The applicant has posted a letter
25 of credit in the amount of \$5.4 million to ensure

1 the completion of various project components.

2 The amendment also formalizes the
3 applicant's requirement to advance funds for
4 roadway improvements required by INDOT.
5 Discussions with INDOT are ongoing and have not
6 yet been finalized. Local authorities and the
7 applicant have also negotiated a utility
8 agreement that provides for utility service to
9 the project site and requires us to make certain
10 non-interest bearing loans to the utility to
11 allow for upgrades to that system beyond those
12 that are required for our project.

13 Special efforts have been made in all of
14 our hiring practices to emphasize local partici-
15 pation. As construction proceeds affirmative
16 efforts will be made to maximize the use of
17 qualified local and women and minority business
18 enterprises. We're working with our construction
19 manager Hubert Hunt & Nichols to formalize that
20 program, a copy of which will be provided to you.
21 Formal guidelines for purchasing of goods and
22 services for the ongoing operation will also be
23 prepared and submitted to the executive director
24 prior to the commencement of operation.

25 We have today on staff in Rising Sun our

1 senior management team including Mr. Duff Taylor
2 who serves as our gaming company's vice-president
3 of operations and will serve as the general
4 manager in Rising Sun. Mr. Taylor was held back,
5 as was Mr. Denbow, by the snow in Cincinnati.
6 They regret not being able to be here today.

7 In addition, Level 1 license
8 applications for Mr. Taylor and for our director
9 of casino operations, our director of finance,
10 our table gaming managers have been filed with
11 the executive director. We have a full-time
12 employment office operating in Rising Sun that
13 has received over 2,000 applications. We intend
14 to begin dealer training on January 29, 1996.

15 Our certificate of suitability requires
16 that a bond be posted by the applicant no later
17 than 60 days prior to the commencement of
18 operations. We look forward to discussing your
19 requirements at that time. The certificate also
20 requires that the applicant maintain appropriate
21 levels of insurance, and we're assembling a list
22 of our current and anticipated insurance programs
23 and will submit them to you under separate cover.

24 Finally, subsequent to your approval
25 Hyatt has converted its loan to RSRCR into a 50

1 percent ownership and a management interest in
2 this development. We look forward to working
3 with the Commission and with the staff, with the
4 City of Rising Sun, with Ohio County and with our
5 partners to provide the State of Indiana with a
6 first-class facility here in Rising Sun. And I'd
7 be happy to answer any questions that you have.

8 CHAIRMAN KLINEMAN: Maybe before we get
9 into the question period we will take a short
10 break, if you don't mind. Why don't we take a
11 15-minute break. We'll re-assemble about a
12 quarter after eleven for the question period and
13 we'll consider the extension.

14 (Short break taken.)

15 CHAIRMAN KLINEMAN: I think we can come
16 back to order now. For the information of those
17 of you who are interested, the Commission intends
18 to go straight through its agenda, including the
19 discussion of the licensing in East Chicago,
20 without taking a lunch break. That's in the
21 interest of those commissioners who live at the
22 other ends of the state getting back home before
23 the weather decides to get worse than it is now.
24 So that will be our schedule. Probably still
25 take a break or two depending upon how things go,

1 but we will not be taking a formal lunch break.
2 We're going to go straight through our agenda
3 until we finish. So that's just for the
4 information of those of you who are interested.
5 I guess we're ready for the questioning of Rising
6 Sun.

7 COMMISSIONER BOCHNOWSKI: I have a
8 question. Could you go into a little bit more
9 detail -- here we are -- about the unauthorized
10 construction on this site.

11 MR. DAN AZARK: I'd be happy to. In
12 early December we received a letter from the
13 Corps, a violation notice is the way it was
14 phrased. I believe Mr. Thar received a copy of
15 it. A Corps inspector had been on site and saw
16 major construction going on and also witnessed
17 that we had construction trailers and a gravel
18 parking lot we had placed there late last summer,
19 early fall. There was an assumption, I believe,
20 that this construction had to do with our project
21 when in fact the major construction that was
22 going on was storm sewer work that the City of
23 Rising Sun was doing totally unrelated to our
24 project but from all appearances was -- looked
25 like work on our site. The Corps is charged with

1 making sure the cultural resources are not
2 disturbed and is going through a process that
3 asks us to submit to them who did what, when,
4 where and how. All that information has been
5 submitted to them. They're hopefully going to be
6 on site at the end of this week or early next
7 week we're told. I'm hoping the snow doesn't
8 delay that, so that they can do a walk-through
9 and make a finding that cultural resources have
10 not been disturbed by our activity. The work
11 that was done by the city was already being done
12 via permit, but all indications are there are no
13 resources that have been disturbed. All this
14 area has been gone over by our archeologists.
15 The area is not archeologically sensitive,
16 although there are some archeologically sensitive
17 areas on the 300 acres.

18 COMMISSIONER BOCHNOWSKI: Has the Corps
19 given you any indication assuming that is okay
20 when you would expect the Corps permit?

21 MR. DAN AZARK: The Corps has continued
22 to say that this is a long process, a deliberate
23 process, and we don't have a good feeling when
24 the Corps will grant that permit. We do hope
25 that the Corps will issue us an authorization to

1 begin construction on those portions on the site
2 outside their normal jurisdiction. That requires
3 them to conclude their archeological review of
4 our materials. If they want additional materials
5 they may ask for it, but once they've concluded
6 that review we think they will allow us to start
7 construction on the parking lot site and
8 utilities. We look forward to that doing as soon
9 as they will give us the approval to do that.
10 We'll do that at risk.

11 CHAIRMAN KLINEMAN: Any other
12 commissioners have any matters? Your time line
13 is, I know, dependent upon the Corps permits, but
14 what sort of construction operational time line
15 do you have? Maybe assuming a date for the Corps
16 just for purposes of discussion today of trying
17 to usurp their authority, but just assuming that
18 date, what kind of time line would you be on?

19 MR. DAN AZARK: Mr. Chairman, we think
20 if we can get a head start on the site work --
21 and that's already been designed and bid at this
22 point -- that we can be open within 60 to 90 days
23 after receipt of the Corps permit. If we don't
24 get a jump on the site work, we think it's
25 probably 90 to 120 days after receipt of the

1 permit. We obviously need to work very closely⁷⁶
2 with the staff and make sure that that opening
3 corresponds with the slot that you all can work
4 with. Further, we will start construction of the
5 permanent pavillion, the hotel and the
6 developments you see in the rendering on your
7 left immediately upon receipt of the Corps
8 permit. We think that can all be done in ten
9 months. The permanent mooring site, the parking
10 lot will be open when we open 90 days after the
11 Corps permit, and then this vertical construction
12 can be done. Most of it's one story except for
13 the hotel. The hotel is three stories. We're
14 limited in Rising Sun by the zoning to a 40-foot
15 height restriction, with the exception of the
16 watch tower. The watch tower is a bit of a
17 lightening rod on our design comments from the
18 people across the river. The watch tower may
19 actually be a little bit lower before we're done
20 with this. We think it's an important feature of
21 the development. We think we can move very
22 quickly.

23 COMMISSIONER BOCHNOWSKI: What about the
24 Route 50 improvements?

25 MR. DAN AZARK: The Route 50 improve-

1 ments only affect us in that the majority of our
2 customers are coming down that road. Our
3 understanding from INDOT is that work will begin
4 in February, February, March, and as a result
5 depending on how long it takes, I think it's
6 anticipated to take through the fall construction
7 period. We'll have some construction traffic
8 that hopefully our customers have got to come
9 through.

10 COMMISSIONER BOCHNOWSKI: Are you going
11 to have some kind of bridge or tunnel to get
12 those golfers across that road?

13 MR. DAN AZARK: Actually the way this
14 plan is configured, this is the golf clubhouse
15 area and the golf parking is here and here and
16 golf -- this road that you see here is an
17 interior road that is for residential lots. We
18 hope to develop some residential lots on the golf
19 course.

20 COMMISSIONER BOCHNOWSKI: So the entrance
21 doesn't actually go through --

22 MR. DAN AZARK: The entrance for the
23 resort is along Highway 56 which is here next to
24 the retail center. Then the primary entrance
25 into the gaming facility and alternatively into

1 Rising Sun.

2 COMMISSIONER SUNDWICK: Who did you say
3 was objecting to the light tower?

4 MR. DAN AZARK: In our public comment
5 period we received 30 comment letters. I think
6 28 of them came from across the river in
7 Rabahash, and one of the points of the
8 development the people in Rabahash didn't like
9 was the vertical tower.

10 COMMISSIONER SUNDWICK: They didn't, huh?

11 MR. DAN AZARK: And if they don't like
12 it -- it's something we may have to deal with
13 because one of the issues at work here are
14 cultural resources, and there happens to be in
15 downtown Rabahash, which is three and a half
16 acres, a general store that's on the National
17 Register of Historic Places. So if a Kentucky
18 state historic preservation officer feels as
19 though that lighthouse or watch tower has an
20 effect on that general store, then it's a matter
21 of discussion.

22 CHAIRMAN KLINEMAN: I may have missed
23 when you were talking about the Highway -- the
24 improvements of 56. What are you doing with
25 respect to that?

1 MR. DAN AZARK: We've been in constant
2 contact with INDOT. The current thinking is that
3 major piece of 56 improvements which is the slide
4 area just outside of Aurora will start
5 construction early this spring and go through the
6 '96 construction period to stabilize that and to
7 improve it, but INDOT is, Mr. Chairman, thinking
8 that before final design, final specifications of
9 the approvals, all the approvals of 56 are
10 finalized they'd like to see the traffic flows
11 that are coming out to make a determination on
12 the extent of those approvals. So we're talking
13 about doing some modest improvements. Doing the
14 major work on the slide area, doing some other
15 modest improvements on 56. To the extent 56
16 wants to grow much larger than that to wait until
17 we see what the impact of the traffic flow really
18 is.

19 CHAIRMAN KLINEMAN: You have committed a
20 substantial sum of money to do some improvements
21 on 56, have you not?

22 MR. DAN AZARK: Yes, sir, we have.

23 CHAIRMAN KLINEMAN: What would that
24 money -- go ahead.

25 MR. DAN AZARK: We've committed two and a

1 half million dollars as a direct allowance or
2 grant and then an additional \$4 million to be
3 loaned non-interest bearing to the City of Rising
4 Sun that's a non-recourse loan that would be paid
5 back out of gaming revenues.

6 CHAIRMAN KLINEMAN: Will the slider
7 project take some of your money or is that going
8 to be done with the state money?

9 MR. DAN AZARK: I think the slide area
10 was previously designed and budgeted and that's
11 really a different program entirely.

12 CHAIRMAN KLINEMAN: I thought that's what
13 had happened. So your money then will be used
14 for whatever other improvements --

15 MR. DAN AZARK: We'll be doing
16 signalization and road improvements in the City
17 of Aurora to get people through Aurora to 56.
18 The 56 slide area will be improved and then some
19 general improvements to 56, but any major work on
20 56 would be held pending a review of the traffic
21 situation once the boat is opened and stabilized.

22 CHAIRMAN KLINEMAN: Even the 200-room
23 hotel and golf course would create some traffic
24 coming down to that which would I think be very
25 much be a destination point.

81
1 MR. DAN AZARK: Well, we're hopeful that
2 the boat will attract even more.

3 CHAIRMAN KLINEMAN: I know. Anyone else
4 have any questions? Let the record show we have
5 received by fax from Monty Denbow, the president
6 of Rising Sun Redevelopment Commission, a letter
7 saying -- starts off unfortunately because of the
8 weather he's unable to be here. He intended to
9 be here, but he did say that Rising Sun is
10 pleased with -- Hyatt's made very positive
11 progress. So that's the sentiments of the Rising
12 Sun Redevelopment Commission.

13 I guess we have the same type of
14 resolution that we had for the Indiana Gaming.
15 They are parallel, so I guess it would be the
16 suggestion that in Section 3 we insert the word
17 "extended" and the next blank would be June 28,
18 1996. Do I hear a motion to adopt Resolution
19 1996-7 with those insertions? Tom. Is there a
20 second?

21 COMMISSIONER SUNDWICK: Second.

22 CHAIRMAN KLINEMAN: Been seconded by Bob.
23 Any further discussion? Hearing none, all those
24 in favor say aye. Contrary. Resolution is
25 adopted. Thank you very much.

1 MR. DAN AZARK: We thank you very much.

2 CHAIRMAN KLINEMAN: The next item of
3 business is review of the certificate of
4 suitability which has been issued to Trump
5 Indiana, Inc. We have before us a resolution
6 that would necessitate likewise an insertion of
7 two lines in Section 3. And I see Mr. Tabbert is
8 here. I presume Mr. Trump is snowed in
9 someplace.

10 MR. TABBERT: More importantly, Mr.
11 Pickus is snowed in and it's pretty bad. The
12 letter, Mr. Klineman, that you have is a very
13 accurate summary of what's developed since the
14 last extension from September 30, 1995.

15 CHAIRMAN KLINEMAN: Do you want to just
16 briefly recite, briefly recite the things that
17 have have happened.

18 MR. TABBERT: I understand the
19 importance of brevity. I will state, first of
20 all, to the members of the Commission who went
21 over by telephone each of the specifications
22 contained in this memorandum so I have every
23 reason to believe that it is completely accurate.
24 The good news is that the anticipated opening is
25 going to be in April, late April, and we are

1 extremely grateful for that. I would say that
2 since September 30th we have been going forward
3 without impediment, and this indicates the
4 progress that has been made. You'll notice, if I
5 can just take you through it briefly on page one,
6 that the joint venture that's been working
7 between Trump and Barden is continuing. The
8 demolition is complete. There has been almost
9 fully graded the parking area. The Trump
10 Princess, that is the permanent boat, is
11 scheduled to be there in mid-April. The facts
12 are that as much as \$11 million has actually been
13 expended on that boat with the balance, the \$24
14 million total price toward its construction is on
15 budget, on schedule. The parties, that is Barden
16 and Trump, have each contributed \$21 million to
17 the -- pursuant to the operating agreement
18 regarding the facilities. The joint development
19 agreement with the City of Gary has not yet been
20 completed, but the situation is quite different
21 than what it was before. We've made good
22 progress with the new mayor, reviewed everything
23 with him and it appears to be extremely -- we're
24 very optimistic that that will present no more
25 problems.

1 The Army Corps gave us the permit on
2 October 10, 1995, so we have no problem there.
3 We finalized the agreement with Ivy Tech State
4 College to train approximately 500 casino
5 dealers. That's in progress right now. We've
6 worked specifically and made progress in the
7 development and completion of the Buffington
8 Harbor project. We filled certain senior
9 management positions and those are set out on
10 page three of the letter.

11 As of December 31st, Trump has expended
12 in excess of \$37 million and entered into various
13 contracts with the construction of the land-based
14 and waterside facilities and by the April opening
15 will have expended in excess of \$80 million in
16 the acquisition, development and complete opening
17 of the project.

18 That's a quick summary, Mr. Chairman,
19 but I think to save time, in going over each of
20 the specifications in this memorandum, I've been
21 assured that they are correct. I'd be glad to
22 answer any questions.

23 CHAIRMAN KLINEMAN: Any questions by any
24 members of the Commission?

25 COMMISSIONER ROSS: April seems like it's

1 not too far away.

2 MR. TABBERT: That's true, Doctor.

3 COMMISSIONER ROSS: And if you don't have
4 anything above the ground, will you be ready in
5 April?

6 MR. TABBERT: As far as being able to
7 open and bringing Princess in there, the plan is
8 we will be able to have the so-called temporary
9 opening ready to go in April. The first week of
10 May has been mentioned, but we're still talking
11 about April. That was the first question that I
12 asked, and the last question that I asked in my
13 discussion are you sure we're on schedule and the
14 answer is yes.

15 CHAIRMAN KLINEMAN: The access roads,
16 et cetera, et cetera, are those under construct-
17 ion or design or where are we in getting people
18 in and out of the site?

19 MR. TABBERT: We are being told that
20 although we had some slight delay with regard to
21 the ice recently we are on schedule and that
22 we're ready to go.

23 COMMISSIONER ROSS: Where will that road
24 come from?

25 MR. TABBERT: Where will it come from?

1 COMMISSIONER ROSS: Where it will it
2 start? I mean is it off Pine Avenue?

3 MR. TABBERT: That's my understanding,
4 Dr. Ross. I don't think that's changed from what
5 has been contemplated. There's been virtually no
6 changes since we were here on the September 30th
7 extension. Unless Jack knows something I do not.

8 MR. THAR: Ask you to confirm we met with
9 the engineering team that's up there. The
10 entrance road that is utilized in the
11 Commission's view will be the entrance road.
12 They still have the limitation that they
13 cannot -- there's only two lanes of traffic going
14 underneath particular railroad what I would call
15 a viaduct. That is going to take some long-term
16 work with the railroad to see if they will agree
17 to changing that, but in terms of the development
18 of the roadway in and out, they intend to
19 landscape it, improve the surface of it, but they
20 can't get around the bottom of the railroad
21 bridge through the viaduct. Is that correct?

22 MR. TABBERT: That's correct, Jack, but
23 that doesn't prevent us having the temporary
24 opening in April.

25 MR. THAR: Unlike other areas, this place

1 is already structured to go underneath the
2 railroad tracks and others where you have to go
3 across or over the top, but they're still limited
4 by bridge width which was devised decades ago.

5 CHAIRMAN KLINEMAN: It's almost a one-
6 lane opening, isn't it?

7 MR. THAR: There really is two but it's
8 very tight. It's one way in each direction.
9 It's so tight you can't get a Greyhound bus in
10 there.

11 COMMISSIONER ROSS: Is this the access
12 road off the property or are you talking about
13 the road that's going on?

14 MR. THAR: The entrance road that will be
15 utilized by the customers of the casino will be
16 the one that's right near the Pine Avenue
17 intersection. Is that correct?

18 MR. TABBERT: I'm sure that's right.

19 COMMISSIONER BOCHNOWSKI: Do they have
20 remote parking? Bus tours that these boats have,
21 how will you get them in if you can't accomodate
22 a bus?

23 MR. TABBERT: If the buses themselves
24 cannot negotiate that I'm sure that there's going
25 to be some kind of a routine shuttle, but I think

1 it's -- I don't think that's going to be a
2 problem.

3 MR. THAR: They're working on lowering
4 the ground. They weren't sure that would be
5 viable for the temporary opening.

6 COMMISSIONER MILCAREK: Will this April
7 opening coincide with Barden? Will it be a joint
8 opening or will you be way ahead of his?

9 MR. TABBERT: That's a good question. I
10 can't speak with authority on the fact that
11 Barden will be able to open as soon as we will.
12 There's been a lot of mutual work together, very
13 harmonious work together, so I can't be sure
14 that's true. I do know that the Trump Princess
15 will be there and we will be opening.

16 COMMISSIONER MILCAREK: Are you making an
17 effort to work with them to try to --

18 MR. TABBERT: Oh, yeah, on everything.
19 There's been complete harmony.

20 CHAIRMAN KLINEMAN: Any other questions?
21 What sort of suggestion do we have on the
22 extension of the Trump as far as time is
23 concerned?

24 MR. THAR: Their certificate of
25 suitability does not expire until January 31st so

1 it would be relatively simple to make this one
2 July 30th.

3 COMMISSIONER BOCHNOWSKI: But they're
4 saying they'll be ready by May.

5 MR. TABBERT: On the temporary opening,
6 true. That wouldn't necessarily -- if we had it
7 until that time I think we still could come in
8 and seek the license as Aztar did in Evansville.
9 We're on schedule as I sincerely believe we will
10 be. That wouldn't be inconsistent.

11 MR. THAR: June 28th for the reason if
12 they have not opened by then I'm sure the
13 Commission would want to know why. May 28th
14 would be difficult, Memorial Day weekend.

15 COMMISSIONER SUNDWICK: June 28th would
16 make a lot of sense. If somebody has to come
17 back and tell you why it's two months late.

18 MR. TABBERT: Any other questions, Mr.
19 Chairman?

20 MR. THAR: Do you want to bring that one?

21 CHAIRMAN KLINEMAN: The record should
22 show that the Commission has received some
23 communication from those parties in the original
24 application were to be local investors and also
25 some communication concerning the foundation

1 which was to be established, and it's my
2 understanding, Mr. Tabbert, that you intend --
3 that there is some conflict between from the
4 Trump people and the proposed local investors and
5 that you will be meeting to try to iron those
6 matters out; is that correct?

7 MR. TABBERT: That's correct, January the
8 18th at ten o'clock. Some counsel here we were
9 talking again today. That's a firm date and
10 we're very firmly committed to continuing
11 negotiation. I don't see any problem at all
12 right now with the foundation, by the way. Seven
13 and a half percent that relates to the individual
14 investors, there is a question that two of them
15 have raised and we're willing to sit down and
16 negotiate with them.

17 CHAIRMAN KLINEMAN: You say there is no
18 question as to foundation. You want to expound
19 upon that -- expand upon that?

20 MR. TABBERT: We just don't think there
21 is. We think that's a solid commitment and that
22 has not changed.

23 COMMISSIONER SUNDWICK: What problems
24 with the investors?

25 MR. TABBERT: They're raising certain

1 legal questions, Mr. Sundwick, that they believe
2 have been raised when we went forward with the
3 merger. We don't agree with that, but we're
4 willing to sit down and negotiate it with them.
5 Even if it were not to be worked out and that
6 matter were to be litigated, I do not think this
7 Commission would be required to take any position
8 on it at all.

9 CHAIRMAN KLINEMAN: We don't really
10 intend to get into it at this point in time and
11 we do encourage the parties to have the meeting
12 and to try to work out whatever conflicts there
13 exist between the Trump organization and those
14 parties.

15 MR. TABBERT: On Friday, Mr. Chairman, I
16 talked with counsel for those investors and I
17 talked with Mr. Pickus and then called Mr. Thar
18 and made a very substantial good faith
19 representation to him that there would be very
20 serious negotiations, and the earliest date we
21 worked out with opposing counsel is January the
22 18th so we are going forward quite seriously to
23 work it out with them.

24 CHAIRMAN KLINEMAN: There will be
25 somebody present at that meeting from the Trump

1 organization itself, not just yourself?

2 MR. TABBERT: That's correct, Mr. Pickus
3 will be there.

4 CHAIRMAN KLINEMAN: Anything further?

5 MR. TABBERT: Thank you, Mr. Chairman.

6 CHAIRMAN KLINEMAN: We have then before
7 us Resolution 1996-8 concerning the extension for
8 the certificate of suitability for Trump Indiana,
9 Inc. and it's been suggested that in Section 3
10 that we insert the word "extended" and the date
11 June 28, 1996. Do I hear a motion to that effect
12 to adopt that resolution?

13 COMMISSIONER ROSS: I move.

14 CHAIRMAN KLINEMAN: Dr. Ross. Is there a
15 second?

16 COMMISSIONER SUNDWICK: Second.

17 CHAIRMAN KLINEMAN: Second by Mr.
18 Sundwick. Any further discussions? Hearing none,
19 all those in favor say aye. Contrary.
20 Resolution is adopted. Thank you, Mr. Tabbert.

21 MR. TABBERT: Thank you.

22 CHAIRMAN KLINEMAN: The next item on our
23 agenda is the review of the certificate of
24 suitability issued to Barden Development, now
25 called the Majestic Casino, LLC, and we welcome

1 you in your new suit.

2 MR. THOMAS BONNER: Good morning, Mr.
3 Chairman and Commissioners.

4 CHAIRMAN KLINEMAN: I don't know if the
5 suit's new, but your new position.

6 MR. THOMAS BONNER: For the record,
7 Thomas Bonner for the Majestic Casino. With me
8 is Paul Sikes, our vice-president and general
9 manager who will have direct responsibility for
10 the operation of the project. I too will try to
11 be brief. We are before you today with the
12 request for extension of the certificate of
13 suitability which currently expires on January
14 31st. As Mr. Tabbert indicated, construction at
15 the project is proceeding. Very briefly, the
16 work in the harbor pursuant to the Army Corps of
17 Engineers permit is about 70 percent complete.
18 The work has proceeded to the point at which it
19 will provide winter protection for work on the
20 mooring structures and the mooring barge to
21 continue during the winter. With respect to the
22 vessel that is controlled singly by Barden and
23 not by the joint venture, we have executed a
24 charter agreement for lease of the President 5
25 Casino boat. The boat is currently docked in

1 Erie. Certain modifications will be performed by
2 President and certain modifications will be
3 performed at our request, and we anticipate that
4 the Coast Guard certificate will be issued once
5 those modifications are complete. We're looking
6 to a mid-March completion date for that work.

7 Mr. Tabbert described for you the work
8 at the site. The roadway work which you
9 questioned earlier is proceeding, as well as
10 grading and paving of the parking areas.
11 Foundation work for the pavillion building
12 commenced this week and off-site work on
13 fabrication of the pavillion as well as
14 fabrication of certain glass and steel bridge
15 structures is also under way. Mr. Barden's
16 current investment in the project is
17 approximately \$32 million, \$22 million of which
18 has been contributed to the joint venture for
19 work on common facilities.

20 We agree with Mr. Tabbert we're working
21 towards a spring opening date. We don't know
22 whether it's going to be late April, early May or
23 mid-May, but that's the time frame that we
24 believe is accurate for opening of the project.
25 Our anticipation is that both boats will open at

1 the same time for a common opening, and finally
2 with respect to discussions with the city and the
3 city development agreement, Mr. Barden and I have
4 met with Mayor King and with representatives of
5 his administration. We have discussed in a very
6 preliminary fashion the development agreement
7 that we anticipate now that the mayor has been
8 sworn in and is actually acting as mayor of the
9 city we will begin work in earnest on cleaning up
10 the draft development agreement with the city,
11 and we'll be happy to answer any questions you
12 have with respect to our request.

13 CHAIRMAN KLINEMAN: Any questions?

14 COMMISSIONER SWAN: Matter of curiosity,
15 Mr. Bonner. You already discussed having this
16 joint opening?

17 MR. THOMAS BONNER: We've had very
18 preliminary discussions with Trump. I have a
19 meeting with Mr. Pickus the middle of this month.
20 We've scheduled three days during which we plan
21 to meet and review the many joint issues that we
22 have to address. That's one that's on the list.
23 It's very important that we -- that we each
24 understand the other's honest to goodness opening
25 date because if we target a date that is

1 unrealistically early, we're both going to spend
2 millions in unnecessary payroll and other
3 acceleration expenses. So we've had early
4 discussions. We plan to have more discussions
5 this month so that we can target the realistic
6 opening date of the project, which is subject to
7 many variables, as you know.

8 I would like to echo one thing also that
9 Mr. Tabbert said. We are enjoying a high degree
10 of cooperation and good faith with the Trump
11 organization. We have the good fortune
12 personally, Paul and I, of knowing the people
13 across the table from the Trump organization.
14 We've worked with them for many many years and
15 developed a good personal working relationship.
16 That's just an added bonus, but in addition I
17 think both parties understand the hard work that
18 is ahead of us and nothing other than good
19 cooperation will let us achieve the opening dates
20 that we have in mind. Things are working very
21 well with the joint venture. We're very pleased
22 with how things are progressing.

23 CHAIRMAN KLINEMAN: The boat is being
24 modified, is that correct, the President 5?

25 MR. THOMAS BONNER: That's correct,

1 Chairman.

2 CHAIRMAN KLINEMAN: It is certifiable
3 for operation on Lake Michigan?

4 MR. THOMAS BONNER: We have every
5 expectation that it is. It is -- with its
6 configuration it meets the standards necessary
7 for operation on the Great Lakes, but the final
8 Coast Guard certification will have to be issued
9 after the modifications are complete, the sea
10 trials are on conducted and the Coast Guard
11 physically inspects the vessel, but we anticipate
12 no difficulties with respect to that.

13 CHAIRMAN KLINEMAN: That would be your
14 temporary boat?

15 MR. THOMAS BONNER: If we have to use the
16 term or permanent, that might be the term that is
17 used only because the charter agreement that we
18 have is for a five-year term. Unless we were
19 able to extend the term of that agreement, we
20 would have to do something with a different
21 vessel at the end of five years. We have
22 committed to a substantially complete detailed
23 design for construction of a new vessel. We've
24 put that on hold temporarily so we can focus on
25 the President 5 vessel, but we expect to finalize

1 that design work early this year. Depending on
2 what the results of operations are and what the
3 market shows us, it may be appropriate to
4 commission the construction of the newer larger
5 vessel sooner rather than later. We've made no
6 decisions with respect to that so it is possible
7 that we could operate the President 5 for up to
8 five years. It is also possible that we could
9 decide very early after operations commence we
10 want the newer bigger vessel, but those decisions
11 will have to be made in the future.

12 CHAIRMAN KLINEMAN: Anything further?

13 Just for my own edification, how do you
14 anticipate the operation of the two boats? Are
15 you going to -- have you already negotiated we'll
16 leave at 12:30, you leave at 1:15?

17 MR. THOMAS BONNER: Chairman, that too is
18 on the list of discussions for later this month
19 with Mr. Pickus. My anticipation is that both
20 operators will see the merit in having alternat-
21 ing cruising schedules to convenience our
22 customers, but we've not come to any formal
23 agreement with respect to that. We hope to do so
24 in short order.

25 MR. THAR: Doesn't the joint development

1 agreement contemplate that kind of activity?

2 MR. THOMAS BONNER: Jack, to tell you the
3 truth, I'd have to get back to you. The joint
4 development agreement certainly contemplates that
5 we operate jointly in a way that benefits each
6 party. I don't believe there are specific
7 provisions with respect to that, but I could be
8 wrong.

9 MR. THAR: Not specific but contemplated?

10 MR. THOMAS BONNER: That certainly has
11 been the tenor of any discussions we've had to
12 date is that we think there's a competitive
13 advantage in providing greater convenience to the
14 customer with an alternating cruise schedule. I
15 would be very surprised if we're not standing
16 before you within the next couple months
17 requesting approval of a specific schedule that
18 embodies that.

19 MR. THAR: I think the Commission might
20 take the position an alternating cruise schedule
21 would benefit the State of Indiana.

22 MR. THOMAS BONNER: We agree. I'm just
23 trying not to overstate the case. I think we're
24 going to decide to go with the alternating
25 schedule. It makes business sense and economic

1 sense.

2 COMMISSIONER BOCHNOWSKI: It says in
3 that letter that you may elect -- Mr. Barden may
4 elect to bring additional investors in the
5 project in the future. Has he had any
6 discussions any actually pending?

7 MR. THOMAS BONNER: Mr. Barden has had
8 discussions on a somewhat ongoing basis with
9 various people who have expressed interest in
10 becoming equity investors in the project in
11 addition to the local individuals who expressed
12 interest in investing in the project I guess a
13 couple years ago now. Mr. Barden is continuing
14 to discuss with the local investors their
15 participation and has continued to offer them the
16 option to participate, but there are other
17 investors like the President and like Marvin
18 Davis who also contact Mr. Barden from time to
19 time. His current intention is to complete the
20 project with his own funds without a substantial
21 equity investor. As we stand here today, that is
22 his current intention.

23 CHAIRMAN KLINEMAN: Any further
24 questions?

25 MR. THAR: You brought up the local

1 investor issue.

2 MR. THOMAS BONNER: Tried not to.

3 MR. THAR: I know, but you did. The
4 Commission also received a letter concerning
5 local investors indicating that there is any type
6 of lawsuit issue at stake, but that there are
7 discussions. Can you advise us as to when those
8 discussions will take place or are they ongoing?

9 MR. THOMAS BONNER: Number one, we're at
10 a disadvantage. We haven't seen the letter. We
11 hope to get a copy sometime soon so we can
12 understand the issues that have been presented to
13 the Commission. We have had a meeting, a recent
14 meeting with the local investors within the last
15 three weeks. We have a meeting scheduled for
16 Thursday of this week with the local investors
17 and anticipate that additional meetings will be
18 scheduled after this Thursday's meeting. So we
19 are in active negotiations and discussions with
20 the individuals who have expressed interest in
21 investing in the project. We will keep the
22 Commission advised as we come to some definitive
23 resolution with that group of individuals.

24 CHAIRMAN KLINEMAN: Anything further? We
25 have before us Resolution 1996-9 and Section 3 we

1 need to insert the word "extended". I guess
2 we've settled on a date of June 28, 1996. Do I
3 hear a motion to adopt the resolution with those
4 insertions?

5 COMMISSIONER SWAN: So moved.

6 CHAIRMAN KLINEMAN: It's been moved and
7 seconded. Any further discussion? Hearing none,
8 all those in favor say aye. Contrary.
9 Resolution 1996-9 is adopted. Thank you very
10 much.

11 MR. THOMAS BONNER: Thank you,
12 Commissioners.

13 CHAIRMAN KLINEMAN: That brings us to the
14 end of the formal agenda. We have an item of
15 other business. I think at this point in time I
16 would like to just make a few remarks. We have
17 through media basically heard some indication
18 that some of the members of the -- or at least
19 one of the members of the General Assembly has
20 decided that maybe this commission has not served
21 with the, quote, legislative intent that was
22 intended when the act was originally passed.
23 Those of you who have followed these proceedings
24 know that the Commission was originally formed on
25 September 1, 1993, pursuant to the statute and

1 that at that time I indicated on behalf of the
2 then serving commission members and myself that
3 we intended to try to run the best type of
4 operation that had ever been run in any state,
5 but of course, we were limited by the statute.
6 We are a part-time commission. We receive, as
7 I've indicated several times at various meetings,
8 the magnificent sum of \$50 per meeting. We are
9 not paid for any other time spent outside of
10 meetings, and I must tell you that these other
11 six commission members and myself and also two
12 commission members who have departed for other
13 reasons from this commission have spent many many
14 many hours in reviewing the material that we
15 receive, which is voluminous to say the least,
16 and to -- and in considering the issues which are
17 presented to us for decision. Obviously when you
18 make decisions there are those people who are
19 not -- who do not receive the blessing of a
20 commission. Those people probably feel that
21 their project was better than the one that was
22 chosen, but in all honesty, the one thing that no
23 one can say about this commission in any respect
24 is that any of the decisions which have been made
25 by this commission were made for political

1 reasons or were made in any fashion that would be
2 contrary to the law. We asked at that time that
3 all contacts with this commission be made before
4 the commission. Coming in the front door was an
5 analogy that I think I adopted. We asked that no
6 one contact this commission through the back door
7 or through the side door or through the basement
8 or anyplace else. I want to congratulate, on
9 behalf of myself and the other commission
10 members, I want to congratulate the industry and
11 their representatives because I do not believe in
12 this two-and-a-half-year period there have been
13 any improper contacts for this commission. So
14 for that reason I want to state that this
15 commission has done the very best it could under
16 the mandate presented to us by the legislature,
17 and one of the things that has always made me
18 feel good is that the industry seems to have
19 confidence in Indiana as a place to do business
20 and in this commission because, as you all know,
21 the most difficult thing that we've had to do as
22 a commission is to choose from amongst the very
23 very well-qualified and well-financed applicants
24 that we've had before us. That's been the
25 toughest thing. In many instances, as you know,

1 we got to the place where we had very very
2 capable people vying for licenses, and when you
3 get to that place you do the best you can and I
4 think this commission has with the aid of its
5 very very fine staff and the aid of the people at
6 SPEA and IUPUI that we have received the
7 information which we required and which we found
8 to be necessary to grant the licenses that we've
9 granted. It is our intent to go forward and to
10 continue to operate in the same manner that we
11 have operated in. Should the law change in some
12 fashion, we will abide by the law, as we have
13 always abided by the law. So I just wanted to
14 state that to any extent that anyone could read
15 into what might have been said about this
16 commission in recent days an implication that
17 this commission has not to the fullest extent
18 required by law and over and above the call of
19 duty, these six citizens, other than myself, who
20 have served on this commission and the other two
21 who have departed have done the very best they
22 can without any hint of favoritism or without any
23 hint that anyone has improperly made any
24 decisions. So I am personally very proud of the
25 record of this commission and I take personal

1 offense to anyone that would suggest that we
2 haven't carried out our duty to the extent
3 required by law and to the best of our ability.
4 So I just want to indicate to the record that I
5 feel very strongly about this. If in the wisdom
6 of the legislature, as they say, the law changes,
7 we will abide by the changes that are made and we
8 will go forward and do whatever is required, but
9 we think that thus far this commission has
10 discharged its duties to the citizens of the
11 State of Indiana in an exemplary manner and that
12 is something that I personally am very proud of.
13 I just wanted to set that tonetoday.

14 If any of the other commissioners wish
15 to say anything at this point, feel free. If
16 not, we'll probably take a short recess and come
17 back and I guess we need to set the next agenda
18 and to get ready for the discussions on the East
19 Chicago license. We will then take another
20 15-minute recess. Be back about a quarter after
21 twelve.

22 (Short break taken.)

23 CHAIRMAN KLINEMAN: The first item is to
24 set our next meeting which I think will be in
25 Michigan City to consider or have hearings on the

1 applicants for Michigan City and also to view the
2 site.

3 MR. THAR: That's correct, Mr. Chairman.
4 The next meetings will be February 12th, 13th and
5 14th and will be held at the Pine Lake Hotel and
6 Convention Center in LaPorte, Indiana. That will
7 be a Monday, Tuesday and Wednesday.

8 CHAIRMAN KLINEMAN: We will have a
9 business meeting first and then hear the
10 applicants in Michigan City?

11 MR. THAR: That's correct.

12 CHAIRMAN KLINEMAN: Do you have any idea
13 now what time we should be starting or does that
14 depend upon the travel and the weather and all
15 that good stuff.

16 MR. THAR: Relatively safe to say we'll
17 be starting at nine or earlier, but right now we
18 don't have that worked out.

19 CHAIRMAN KLINEMAN: There will be
20 sufficient notice, but anyway, our next meeting
21 will be commencing on Monday, February 12th and
22 run through Tuesday and Wednesday to hear the
23 applicants in Michigan City and also to conduct
24 our annual business meeting for the month of
25 February. Anything further the commissioners

1 have anything before the business portion of this
2 meeting?

3 Hearing none, we will then move from the
4 business portion of our meeting to the licensing
5 discussion concerning the City of East Chicago,
6 and in that respect I would like to the record to
7 show that this Commission has received as of
8 January 5, 1996, a letter from Robert K.
9 Alderman, State Representative, stating in
10 substance that he would as a member of the
11 General Assembly intend to introduce a bill that
12 would place a one-year moratorium on the
13 licensing of new gaming permits and certificates
14 of suitability in Indiana, and he respectfully
15 asks that we postpone the issuance of the East
16 Chicago certificate of suitability until the
17 legislature has had an opportunity to review the
18 status of gaming. Mr. Thar, I think, responded
19 to Representative Alderman on January 5th that he
20 would bring this communication to our attention
21 along with other communications which he has
22 received in the office of the Gaming Commission.
23 There are two -- three communications from other
24 members of the House of Representatives asking
25 that the Commission continue to follow the law

1 and go forward and issue the certificate or deny
2 the certificate in East Chicago based upon what
3 the Commission has heard up to this time, and
4 also Mr. Thar indicates that he's received
5 telephonic communications from two Indiana
6 senators who have expressed their view concerning
7 this Commission going forward. I guess the
8 Commission is now aware of all the communications
9 we received from the General Assembly up to date.
10 I presume that hearing no objections, however, we
11 will go forward and continue to follow the law as
12 it exists today which is -- puts us in a position
13 to consider the issuance of the certificate of
14 suitability for East Chicago, Indiana, or to deny
15 the issuance. Hearing no objections, the
16 Commission will go forward in that fashion with
17 the discussions about East Chicago.

18 Hearing no objections, we can start off
19 by asking if any of the commission members have
20 any questions that they wish to propound to any
21 of the people who represent the Showboat
22 application or the city or anyone else.

23 COMMISSIONER BOCHNOWSKI: I have a quick
24 one. First of all, Mayor Pastrick, we haven't
25 had a chance really to ask you too many

1 questions, which is just the way things went.
2 These are -- the people who are part of the
3 Waterfront Development Corporation, the local
4 group, are people that you've worked with over
5 the years, especially Mr. Cappas. I'm sure
6 you've developed a strong personal relationship
7 with these people having worked so closely with
8 them. Do you feel that as mayor of the city and
9 since your city will be responsible for some
10 inspections, granting certain permits and
11 basically overseeing this from a local
12 perspective, do you feel you can maintain an
13 arm's length relationship with these people as
14 far as the casino business goes and a
15 professional relationship separating your
16 personal relationship from them?

17 MAYOR ROBERT A. PASTRICK: Commissioner
18 Bochnowski, I have kept somewhat of an arm's
19 length relationship through this entire process.
20 I'm very aware of my political background and
21 some of the inferences that have been made as a
22 result of my being very political over the years,
23 and as a result of that, I have done everything I
24 know how to keep as distant from this process
25 where it did not involve my community, but in any

1 negotiation going on between people with Showboat
2 and investors, I tried to say as far distant from
3 that as I possibly could. My only concerns were
4 the City of East Chicago and the future of the
5 City of East Chicago and the job opportunities
6 and economic development that come to our
7 community as a result of this endeavor.

8 COMMISSIONER BOCHNOWSKI: Thank you.

9 COMMISSIONER SUNDWICK: I have a couple
10 questions. Probably I received more activity or
11 information or questions, I guess, about the East
12 Chicago licensing than probably collectively
13 since I've been on this Commission. There is
14 more interest, more -- what's the word I'm
15 looking for? More accusations made about the
16 system itself. I think what we have tried to do
17 is to separate all that out and answer the
18 questions that were asked of us. For instance,
19 example, we were asked why in fact would East
20 Chicago, there was a huge arena open to the
21 public in Gary, certainly in East Chicago it was
22 a very limited group of people, very controlled
23 environment. Why was that? You probably could
24 answer that relatively directly.

25 MAYOR ROBERT A. PASTRICK: I don't know

1 that it necessarily a controlled environment,
2 Commissioner Sundwick. We attempted in every way
3 to get community involvement into this process,
4 and we had -- we set up a committee of 80 people
5 at one time to oversee some of the development
6 that we had anticipated might come as a result of
7 this, had a task force. I had four individuals
8 who are very closely related to my office that
9 worked diligently with the task force, the
10 complete task force, and I was -- they made me
11 aware of what was occurring. We didn't want to
12 be -- I didn't feel that we should have a
13 committee so large that it was impossible to
14 really come to any basic conclusions about what
15 they want done. We went out to the community.
16 We had meetings with every segment of the
17 community, not only once, but twice, and had
18 people attending those meetings, had open
19 discussions. I attended the meetings. We felt
20 that we were getting major input from the people
21 of East Chicago. Some of the people that you
22 heard from, there are axes to grind in political
23 situations, and we had just undergone a mayoral
24 election and it was quite a bitter election,
25 quite frankly, and people who opposed me felt

1 that possibly maybe the best thing to do is try
2 to stop this process. It's unfortunate their
3 feelings were thus as opposed to thinking of the
4 people of East Chicago and the people who are in
5 need of jobs and the problems we've been
6 confronted with the downsizing of our industries
7 and commercial properties. We felt very
8 satisfied in the input that we received from the
9 honorable people of East Chicago and what the
10 future of our community really required.

11 COMMISSIONER SUNDWICK: Was there another
12 place to hold these hearings that we attended in
13 East Chicago? Was there a larger facility? Are
14 there larger facilities in the community to hold
15 more public --

16 MAYOR ROBERT A. PASTRICK: We have
17 neighborhood centers in each area of the
18 community. We have five neighborhood centers in
19 the various segments of the community, and our
20 meetings were conducted in those centers and in
21 schools.

22 CHAIRMAN KLINEMAN: I think the question
23 Commissioner Sundwick is asking is were in the
24 Intergenerational Center which is not a
25 particularly large room itself. To your

1 knowledge, was anyone who wanted to come and
2 appear before the Commission excluded in any
3 fashion from coming to that meeting?

4 MAYOR ROBERT A. PASTRICK: Certainly not
5 to my knowledge.

6 CHAIRMAN KLINEMAN: I know there was
7 public notice published by this Commission as to
8 the time and date and place of the proceedings
9 that we held in East Chicago so I know the
10 publicity was there because we make it a point to
11 publish the notices of hearings and so forth.

12 MAYOR ROBERT A. PASTRICK: And I spoke at
13 the meetings on WJOB which is one vehicle that we
14 have, probably the best vehicle we have to inform
15 the public in the City of East Chicago on the
16 frequent occasions that these meetings were
17 coming up that meetings were occurring within the
18 community but also the meeting that you had at
19 the Intergenerational Center and spoke to the
20 press in that regard also. I believe that the
21 people who wanted to address themselves on this
22 situation had the ability to do so.

23 CHAIRMAN KLINEMAN: We even had
24 unfortunately the circumstance of having to stop
25 the meeting that was in progress and then to come

1 back and conclude that meeting, so to that extent
2 I think people almost had two opportunities to
3 come, but I guess the question is was there a
4 bigger hall we could have had the whole the thing
5 in?

6 MAYOR ROBERT A. PASTRICK: Probably the
7 Knights of Columbus hall would have been larger.

8 CHAIRMAN KLINEMAN: As a result of
9 holding it at the Intergenerational Center, do
10 you think anyone was excluded, to your knowledge,
11 from having --

12 MAYOR ROBERT A. PASTRICK: Certainly not.
13 I believe that they chose the Intergenerational
14 Center more for convenience, your convenience and
15 the convenience of the -- availability of rooms
16 to meet in and to caucus in and things of that
17 nature as opposed to the big hall that the K of C
18 that might not have been as convenient, but on
19 that score, speaking of that meeting, I do want
20 to take this opportunity to express my feelings
21 to the Commission with regard to my inability to
22 respond to you. Although some of the press and
23 some of the media has reported that I did not
24 appear before the Commission, I certainly did
25 appear before the Commission but unfortunately

1 due to something which I had no control over, I
2 was not able to respond to the Commission. I
3 want to express my feelings that I hope that in
4 no way did this inconvenience the Commission
5 during all your studies and everything, the fact
6 that I was not there.

7 CHAIRMAN KLINEMAN: We appreciate your
8 being here today, Mayor. You're here and we can
9 ask you whatever we want to ask you, right?

10 COMMISSIONER ROSS: Do you have any
11 financial dealings with the group that's starting
12 the casino?

13 MAYOR ROBERT A. PASTRICK: No, sir.

14 COMMISSIONER ROSS: Do you expect to be?

15 MAYOR ROBERT A. PASTRICK: Absolutely
16 not.

17 COMMISSIONER BOCHNOWSKI: I have some
18 other questions but not for you. I asked for and
19 asked Jack to get for me and received quite
20 promptly some certifications that several of the
21 investors would not work as legal representatives
22 of government bodies, and the reason I did that
23 was I think it's important for us to create kind
24 of a firewall between government and this
25 industry in particular. Now, it occurred to me

1 after I received these -- and I received these
2 real quickly and I appreciated that -- that it
3 might be very easy simply to transfer some of
4 this work to a partner, but to me that would
5 still be a director or an indirect involvement if
6 you have a law partner. I'm not a lawyer so I
7 can't speak to that. But it seems to me that
8 that would not live up to what I was asking for.
9 I'm hoping that you wouldn't just shift some of
10 this work to partners.

11 MR. MIKE PANNOS: Commissioner

12 Bochnowski, we made it clear to the executive
13 director in our discussions that that would
14 indeed -- I'm the only one, I believe, with a law
15 partnership and that it would cover the situation
16 of my law firm. The only other members of my
17 firm that have any contact with government bodies
18 are two people that work, one is an attorney in
19 criminal courts and another is a judge pro temp
20 and that that agreement -- certification we
21 submitted would cover that. Mr. Cappas is not a
22 member of the firm. Mr. Tom Cappas is not and I
23 believe Sam Cappas is a sole practitioner as
24 well. It would cover that situation. It was
25 discussed with the executive director to cover

1 that situation.

2 COMMISSIONER BOCHNOWSKI: I appreciate
3 that. I wanted to clarify that. I wasn't sure
4 what your firms looked like.

5 MR. MIKE PANNOS: That very question was
6 discussed and covered both with the executive
7 director and with members of my firm.

8 COMMISSIONER BOCHNOWSKI: One of the
9 issues -- I'm sorry. One of the issues raised by
10 the two lawsuits that have been filed with regard
11 to this license was minority investment. Are you
12 looking into any potential avenues for making
13 ownership available to minority members of the
14 community? I'd like to hear about a good way to
15 do this. We have been to many communities and
16 don't know a good way yet.

17 MR. MIKE PANNOS: I'm not sure I have an
18 answer to that. I think one of the contacts that
19 we had we were sent a letter identified some
20 people a couple weeks ago that may be interested
21 in doing this, and it's never gone any further
22 than that in that under what the terms,
23 conditions or things like that involving a
24 transaction. I think, as I said in October, one
25 of the problems in putting this together is you

1 don't know necessarily at the inception exactly
2 what the right mix should be of people, not
3 necessarily in terms of minorities, but in terms
4 of who all the participants should be. You try
5 your best to do that on the front end. I think
6 it would be somewhat awkward for us at today's
7 date to interject one new person or five new
8 people or ten new people. I think what our goal
9 has been is to try and continue this process to
10 its conclusion and see at that point. What we've
11 also tried to do is make sure that not
12 necessarily in the ownership of this project, but
13 in terms of the involvement in doing business
14 with us and doing business in terms of the other
15 things that will spin off from this that members
16 of the City of East Chicago, the residents of the
17 City of East Chicago and members of the minority
18 community will be the first that we look to,
19 whether it's to get linens for a restaurant or
20 whether it's to provide any kind of services, and
21 frankly, given the nature of the project, it
22 might wind up that people that do that kind of
23 business will have as lucrative, if not more
24 lucrative, kind of avenue to participate in this
25 endeavor. So I guess there is no easy answer to

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say have we gone out to say that this group of people should be able to participate. We have had discussions with people that have asked to participate over the last couple years, but none of those have reached any logical conclusion many times because of lack of definition of what it exactly is that we're dealing with. People come up quite often and say "I'd like to have some of that." Well, I understand that. This has been a long two-and-a-half-year process that we put together and we tried to do that in the best fashion we can. We have constantly tried to solve a problem of making sure that people had access to this kind of a project, whether it's participation with us or whether it's participation as a business or as an employee as the project goes along, but I don't know the answer to that, Commissioner. I don't know how you can include -- if you include somebody, you exclude somebody else.

COMMISSIONER BOCHNOWSKI: We have seen that so that's the problem.

MR. MIKE PANNOS: And I don't know how you can get to a logical conclusion.

COMMISSIONER BOCHNOWSKI: I think some

1 discussions were held between tom Bonner and
2 Senator Graham.

3 MR. MIKE PANNOS: Yes, those discussions
4 continue with Mark Miller. There's been
5 correspondence between the two. I think they've
6 had some discussions as recently as last week,
7 and Mark will be here. Mr. Nasky is here on
8 behalf of the Showboat board. He's the president
9 of the development company. Mr. Miller is under
10 about two feet of snow in Atlantic City. I don't
11 know if that's an answer or a non-answer.

12 COMMISSIONER BOCHNOWSKI: But it's not a
13 closed issue?

14 MR. MIKE PANNOS: I don't think anything
15 is a closed issue. What we have tried to do with
16 this proposal is put together something that will
17 have the greatest impact on the community,
18 whether that's an ownership or doing business
19 with us or creating opportunities with other
20 development that goes on in the community. I
21 would frankly think that that will spread among a
22 large number of people in that community.

23 COMMISSIONER BOCHNOWSKI: Thank you.
24 Actually it should be noted that you really
25 couldn't bring in the investors at this point.

1 MR. MIKE PANNOS: That's always been our
2 concern.

3 COMMISSIONER BOCHNOWSKI: Because we have
4 to re-investigate.

5 MR. GREG NASKY: I'd like to add onto
6 that answer, if I could. My name is Greg Nasky.
7 I'm a member of the board of directors of
8 Showboat, Inc. I'm executive vice-president and
9 secretary of that company and I serve as
10 president and chief executive of Showboat
11 Development Company.

12 Showboat has had a policy at its own
13 operations and in new jurisdictions of putting in
14 place programs where each employee gets rewarded
15 with stock options at different anniversary
16 points of their initial employment. We also have
17 stock option plans and stock grant plans for key
18 employees, and in some jurisdictions such as the
19 facility in Australia we've gone to the public
20 markets. We sold over \$350 million in stock in
21 Australia last year, and many individuals bought
22 in at that time and many sold quickly and made a
23 good deal of money on it. So there will always
24 be a lot of different ways of getting more people
25 involved in the ownership of the facility or in

1 the ownership of Showboat.

2 COMMISSIONER SWAN: I have a question for
3 Mr. Pannos. We were talking about the incentive
4 package last time we met and the three percent
5 and the three quarters of a percent. I think I'm
6 fairly satisfied with what's going on with the
7 three quarters of a percent, that it's really
8 your own money is the way I'm looking at it, of
9 the partnership. So I'm not really looking at
10 that three quarters of a percent as being part of
11 an incentive package. What I'm looking at is the
12 whole proposal. What I am interested in is the
13 dollars that are being spent in the three
14 percent. Are there properties identified already
15 in the development of East Chicago through these
16 not-for-profit agencies that are privately owned
17 properties of any of the members of the
18 partnership? Do you have any financial interest
19 in any of those properties? I think we were
20 shown the Washington School property.

21 MR. MIKE PANNOS: I believe that is owned
22 by the City of East Chicago, if I'm mistaken.
23 The Michigan Avenue site, which was the other
24 designated site, is owned by the redevelopment.

25 COMMISSIONER SWAN: So as far as we know

1 at this point there are no privately owned
2 properties that are going to benefit from being
3 redeveloped through this incentive package?

4 MR. MIKE PANNOS: Absolutely not. I
5 don't own any property in East Chicago, I believe
6 Tom doesn't either, that fit that category.

7 COMMISSIONER SUNDWICK: I don't really
8 know who wants to address this. Maybe you do,
9 sir. Why is it -- you believe -- there's been
10 more controversy around this presentation for
11 this license than any other. If someone could
12 characterize why you believe that is.

13 MR. MIKE PANNOS: I think part of it is
14 just the natural tendency somewhat in political
15 behavior. I think there was some of that. I
16 think that, as I stated in October, I knew that
17 my being a fairly high-profile character would
18 have something to do with that. I think the
19 natural evolution of what came to pass with the
20 application, with people filing and getting out
21 and other people trying to file I think had
22 something to play with it. I think we went
23 through a very very high-profile mayor's race in
24 East Chicago where everything comes back up and
25 becomes an issue. I think because of those

1 issues things tend to rise and become a focus.
2 The media certainly picked up, probably makes
3 good copy. It sometimes become self-fulfilling
4 when you write enough and talk enough about
5 issues, sometimes they create more issues. What
6 we tried to do, Commissioner, was what I said
7 when I first talked to you, and that was put
8 together a package that was as strong and create
9 an impact on a community that needs it and tried
10 to look at every single side of that question,
11 whether it's community input. I don't know of
12 another project that had as many public community
13 meetings in a community the size of East Chicago.
14 I think we had 26, 28 public meetings where
15 residents could come and talk. I don't know what
16 the real answer is. I think there are a number
17 of issues and a number of things that contributed
18 to being able to give rise to that kind of
19 interest in this. Whether it's the participants,
20 whether it's the politics, whether it's just the
21 natural tendency in the business. As we saw in
22 other jurisdictions, people tend to shoot at each
23 other. I don't know that that's a good answer or
24 not. I don't know that there's a specific answer
25 to it.

1 COMMISSIONER SUNDWICK: I believe I
2 reviewed Showboat's economic package to the city.
3 Certainly the tax incentive programs equal to or
4 exceed many of the other proposals. I would say
5 that as I look at this is that probably the most
6 criticism could be drawn the lack of procedures
7 the city had in discharging their responsibility,
8 in my opinion, to a private organization. All
9 the hearings and all the testimony that I've
10 heard has been in fact the Showboat and Marina
11 group really gave the city a proposal and then
12 from that day forward it really -- somebody's
13 been trying to convince me there's been other
14 opportunities by other people, I really haven't
15 seen that. So I look at it as really a private
16 organization supplying the city with a program
17 and an incentive package, a proposal that that
18 was the end of it. That was in fact -- and I
19 think that's where most of the criticism comes
20 from. I think that's how other people see it.
21 I'm not from that area but I can say I received
22 more mail and more conversation about this than
23 anything else. So I think if there's any
24 criticism, I think that's where it comes from. I
25 don't see it was an open process because the

1 incentive package, if you're going to go on
2 incentive package by what the citizens of East
3 Chicago are going to get out of this, it's a good
4 package. I think that needs to be said to the
5 benefit of your organization and East Chicago,
6 but I believe that -- I haven't been convinced
7 that it's the most -- I've heard all about the
8 meetings and the citizens meetings, but that
9 criticism still prevails today. So I would just
10 tell you that that's probably why. I think it's
11 pretty apparent, at least to me, that that was
12 the issue. So I don't think that it was
13 appropriate, but that's not what I'm here to --
14 whether it's appropriate that you have one or ten
15 or whatever the case is. I think probably the
16 selection you have is a pretty good one. Based
17 on that I certainly have to make my determination
18 on what's best for the citizens of East Chicago
19 and the state as income and incentive programs,
20 but I can tell you that I'm less than admired --
21 happy about their procedures that the city went
22 through to come to this conclusion.

23 MR. MIKE PANNOS: I appreciate your
24 comments.

25 MR. JOHN ARTIS: Can I just respond to

1 the economic development package. Beg to differ
2 with you in the sense that the incentive package
3 to a large extent, the fact it came from our task
4 force effort came from the citizens of the City
5 of East Chicago. The mayor indicated there are
6 were 80 people that participated in that process.
7 I think it's important to note that those 80
8 persons represented various organizations that
9 were invited to participate in that whole process
10 and we're talking about in actuality hundreds of
11 persons of who either reside in the City of East
12 Chicago or do business in the City of East
13 Chicago. We had a very vital and integral role
14 in developing that economic development package.
15 It was not a proposal submitted to us by the
16 developer but vice versa. We appreciate your
17 acknowledgment of the level of that investment
18 and that economic development package. We feel
19 do it is best in the State of Indiana, but it was
20 a community effort.

21 COMMISSIONER BOCHNOWSKI: I think Bob's
22 saying he agrees that it was a community involve-
23 ment effort, but that only one group of people
24 was proving to be involved in that effort to
25 develop a package. Is that --

1 COMMISSIONER SUNDWICK: Don't

2 misunderstand. Here's an opportunity for you as
3 East Chicago to stand up and say this is the
4 reason we did this again, because there's so much
5 controversy around it. I'm sure if everybody had
6 it to do over again you could have two or three
7 people stand up here and you'd still back the
8 same organization and we probably wouldn't have
9 the same controversy that we have today. There's
10 a lot of people running around -- we have letters
11 from state representatives on both sides let's
12 not do this, let's do this. It seems pretty
13 senseless to me, but I think the only thing I'm
14 trying to say as far as I can see is the fact the
15 procedures you went through. That's how I feel.
16 And I'm not from East Chicago. I just want to
17 make sure that people from East Chicago, which
18 I'm sure you do too, and the state get the best
19 program they can come up. It appears to me
20 that's happened, whether I criticize your
21 procedures are not. That becomes a little bit
22 secondary right now for me. Because you have a
23 good program and it appears you have a good
24 program and I would say that the controversy
25 comes from the procedures, and I would be

1 critical of those procedures myself. So if
2 anybody else decides to do it this way I would
3 probably not look kindly to that in the future.

4 MR. JOHN ARTIS: Thank you,
5 commissioner. I was told to identify myself. I'm
6 John Artis, the director of redevelopment for the
7 City of East Chicago.

8 COMMISSIONER VOWELS: Along those same
9 lines but kind of on the opposite side. My
10 problem that I've had part of the way along in
11 the hearings that we've had is controversy keeps
12 coming back to local endorsement process. I
13 don't know how we would have done it in
14 retrospect. I think it's important that we know
15 what the local entities think are important as
16 far as any contributions from the companies. As
17 far as what cracks in the armor I see here are
18 those companies who wouldn't pay attention to us
19 when we said that we'll make the final decision.
20 Summit got out of it. I don't know what we could
21 have done to Summit. Put a gun to their head and
22 say stay there. The local endorsement carries
23 some weight. I've never put my finger on how
24 much weight I've given any entity in any area.
25 Mount Albany came in four hours late, and I was

1 one of the persons who said that they were too
2 late, and I found their brief not long ago at
3 home and I read through it and the editorials and
4 newspaper articles said this is an open process,
5 you're welcome to come. Summit for whatever
6 reason didn't want to stick in it, and I don't
7 know what we could have said to those people
8 other than it's an open process. When you get to
9 Indianapolis and we have our hearings we're going
10 to take all in consideration, and I don't know
11 what else could have been done. Waterfront Group
12 is an excellent group. Anybody coming into that
13 area would want to hook up with those people
14 because they're a well-organized group. But as
15 far as what the process could have been, there
16 was no endorsement prior to that we set so they
17 need to get a gold star from that perspective,
18 but I don't know what we can do to these other
19 companies who get in and jump out. I don't know
20 if it had to do anything with ponying up another
21 \$55,000 for the application fee, which some
22 people got cold feet and got out, but as far as
23 the process in East Chicago I hear all these
24 rumors and innuendo, but until someone can point
25 solidly at something, I'm going to give them

1 little consideration because I think the politics
2 do enter into it. It's obvious on what side of
3 the fence the people that we're looking at are
4 sitting here with the initial D in parenthesis
5 behind their name. I don't know what else could
6 be done.

7 CHAIRMAN KLINEMAN: Does anyone else have
8 any questions of people from East Chicago or
9 Showboat? I think we're getting into sort of an
10 area where we're kind of discussing things which
11 are going to be in the open anyway so I just want
12 to conclude -- I just want to see if there are
13 any other questions that anyone wants to explore
14 with any of these people and, if not, maybe we
15 will then get into the question of whether or not
16 a certificate of suitability should be issued.
17 Are there any other questions? Anybody have
18 anything at all? Well then, I think we are
19 ready -- thank you, gentlemen.

20 We're ready to have a discussion about
21 the granting or denial of the certificate of
22 suitability. I guess I would start off of a
23 little bit of discussions along the same lines
24 that -- first I would ask Mr. Thar, who always
25 does this for us, are there any legal reasons why

1 a certificate of suitability could not be issued
2 to this applicant?

3 MR. THAR: No, and if I may expound on
4 that just a moment. We have found no statutory
5 basis in the course of the background investiga-
6 tion as to why a license could not issue to the
7 Showboat Marina Partnership. In addition, based
8 upon the approval of this Commission, we have
9 found and have looked to determine whether or not
10 there was any corruption in the process, and we
11 have found no evidence there was any corruption
12 in the process of East Chicago and Showboat
13 Marina Partnership getting together. Secondly,
14 we have found no evidence of any actions on
15 behalf of the City of East Chicago or the
16 Showboat Marina Partnership that would have in
17 any way caused other applicants to not apply
18 there. Our investigation was also -- this was
19 also investigated by New South Wales in their
20 investigation with Showboat with regard to the
21 opening of a casino in Sidney, Australia. They
22 concluded the same. So this has been investigat-
23 ed not only by the state police, by the staff
24 including Floyd Hannon with his background, but
25 also by another country, and there has been no

1 evidence of any kind which would indicate that
2 any of those types of rumors, of which there are
3 many, have any truth in them that have been
4 uncovered to date. So there is no basis upon
5 which statutorily barring reason or the other
6 reasons this Commission asked us to look into
7 based upon the procedures that a license could
8 not be given.

9 CHAIRMAN KLINEMAN: Thank you, Mr. Thar.
10 I would say that we had asked that a comparison
11 be made, which Bob alluded to a minute ago, of
12 the gaming applicants who have been granted
13 certificates of suitability concerning their
14 incentives and investments and we had asked that
15 that information be supplied to us, and it has
16 been and, as has been stated a few minutes ago,
17 the Showboat application certainly is as good as,
18 if not a little bit better, than some of the
19 other people who have received certificates
20 concerning what they're going to invest and what
21 they have promised by way of additional goodies,
22 if you could call it that, which will be flowing
23 assuming a good operation to the City of East
24 Chicago. In addition to the information which
25 has been compiled by the applicant, we had on our

1 own asked that that information be reviewed by
2 the SPEA people from IUPUI who have been
3 supplying information to us, and with a very
4 minor exception, they agree that the conclusions
5 which I have just stated are correct and that the
6 information which has been supplied by the
7 applicant is correct. So we have a situation
8 here where we have an applicant, even though it's
9 a sole applicant who has promised to do as much
10 as anyone who was in a fully competitive
11 situation, and to me that is really the test. We
12 are supposed to be here and to do the best job we
13 can for the citizens of the State of Indiana, and
14 when I see that the citizens of the State of
15 Indiana are going to receive, as I say, as much,
16 if not more than what the citizens will be
17 receiving as a result of other applications, it
18 makes me think that this is a viable program. In
19 addition to which, having viewed the Robert A.
20 Pastrick Marina and having seen the facilities or
21 having been shown where the facilities would
22 exist and be built, I find it to be a very
23 attractive location. I basically think that even
24 though we're putting quite a few boats within a
25 few miles of each other up there on Lake Michigan

1 that with the market which has been estimated in
2 many millions of possible patrons, I think that
3 East Chicago can well compete with the other
4 boats that are going to exist on Lake Michigan.
5 So that is really the way I feel about this
6 particular application. I think that it's
7 something that we have to give serious consider-
8 ation to even though it's a sole applicant.

9 COMMISSIONER BOCHNOWSKI: It's been no
10 secret that I've been yearning for competition in
11 East Chicago. I voted for it when you all made
12 application and, yet, in a sense there was, as
13 Don pointed out, as a commission we are the ones
14 that are charged with making this decision, and
15 we called for competition. We made it clear that
16 we would look at everybody equally. As Don
17 pointed out, there really wasn't too much we
18 could have done. Ironically this is probably the
19 application that has the most true local
20 investment, and I don't mean just from East
21 Chicago but from our area of northwest Indiana.
22 In other places we've had -- I don't know. We've
23 had local investors that were somewhat question-
24 able, got these so-called investments because of
25 who they knew or who they were, because of

1 influence they might have, and didn't have to put
2 up any money for it. So I guess, as I said
3 before, we really have to come up with a good way
4 to develop local investment. It's ironic that we
5 now have true local investors and that's the
6 cause of it, that's the heart of the controversy,
7 so maybe you can't win, but at the same time
8 we've had our police investigation, we've had
9 many -- the various investigations from an
10 economic point of view by SPEA, state police,
11 from the IRS and Indiana Department of Revenue.
12 We've investigated these people, and nothing has
13 been found that would cause me statutorily to not
14 give them a license. In addition, I think it
15 would be really punitive, just because there are
16 people that are unhappy about the lack of
17 competition, to deny the citizens of East Chicago
18 this economic development opportunity, and if we
19 re-open the process, I've heard estimates it
20 would take another year. By then you've got the
21 other three casinos up and running and I don't
22 know -- competitively I don't think that's a good
23 idea. I really don't see much reason to re-open
24 because this is a good project competitively
25 across the state. It's very favorable. It's

1 only second to one of the other appl -- one of
2 the other license holders. I would have to go
3 along with this just from the -- I guess from
4 my -- when I was appointed I was told I had to do
5 what was best for the citizens of Indiana, and I
6 think getting this tax stream on line, creating
7 this economic development in a timely fashion,
8 that's what I have to do.

9 COMMISSIONER ROSS: At the expense of
10 being redundant, I'd just like to review what
11 this is all about. It's about getting a casino
12 in East Chicago, and it really is no different
13 from any of the rest of them that we've done,
14 except that we've had external problems with
15 people trying to say that that's not so. I think
16 in the past we've sort of divided this licensing
17 process into about four categories. The one is
18 the project; two is the principals or the people
19 that are involved; three, the financial benefit
20 to the state and local communities; and four, the
21 local participation and development. So let's
22 look at each one of these and see how Showboat
23 stacks up. We look at the project and the
24 information and summaries that have been provided
25 us by SPEA and we note in comparison with the six

1 other applicants that we've approved that
2 Showboat rates second in development investment,
3 third in local incentives was and second in total
4 incentives. So let's look at the principals.
5 Showboat has the experience and financial
6 stability that compares with any of the other
7 gaming companies that we have okayed. The local
8 investment, in spite of the accusations and
9 innuendos, showed most insight and
10 organizational skills of any of the previous
11 applicants. In fact, they seem to be the only
12 organization that did any effective work.
13 According to Mr. Pannos' statement, as soon as
14 the riverboat statute was passed he saw the
15 future was bright for riverboat gambling
16 enterprises. He got a partner, formed a group
17 and went in search for gaming partners with
18 experience and had the financial stability to
19 back the project. They have been successful and
20 I think the people who have fought against this
21 have not been successful. So to those who are
22 not as insightful, did not work as well, did not
23 submit an application for reasons unknown have
24 instead tried to stop the process by lawsuits and
25 other delaying tactics. They have not raised one

1 dollar or made any attempt to present a positive
2 alternative. This organization has more
3 approached the optimum of local participation
4 than any other applicant. They've organized a
5 local company comprised of a cross-section of
6 citizens with a good minority and women
7 participation. I don't personally know these
8 people or have any knowledge about their
9 background other than reports given by the
10 investigating arm of the Indiana State Police.
11 They found no real negative information and
12 passed on each one as being a suitable gaming
13 participant.

14 So finally I must say something about
15 the politics because this seems to be the root of
16 the controversy. America is a good place to live
17 because the principle of majority rule and equal
18 opportunity holds free. One has the choice of
19 deciding who your elected officials are by voting
20 them in or out. The power belongs to the people
21 and the elected representatives. If you are
22 elected to the power, you're able to make more
23 decisions that affect your supporters. I don't
24 think anyone in power believes that that's not
25 true. I also don't think that anyone out of

1 power believes or they wouldn't try to get in.
2 I think without pushing this any further, I'd
3 like to make the motion that we grant the
4 application as proposed.

5 CHAIRMAN KLINEMAN: The motion has been
6 made. Is there a second?

7 COMMISSIONER SUNDWICK: I'll second it.

8 CHAIRMAN KLINEMAN: Is there any further
9 discussion of any sort? All those in favor of --
10 hearing one, all those in favor of granting a
11 certificate of suitability to the Showboat Marina
12 people raise their right hand. I think it's a
13 unanimous decision.

14 MAYOR ROBERT A. PASTRICK: Mr.
15 Chairman --

16 CHAIRMAN KLINEMAN: Mayor, go right
17 ahead.

18 MAYOR ROBERT A. PASTRICK: Mr. Chairman,
19 Comssioner Bochnowski, Commissioner Ross,
20 Commissioner Milcarek, Commissioner Vowels,
21 Commissioner Swan, Commissioner Sundwick, on
22 behalf of the all the citizens of East Chicago,
23 I want to thank you for your decision here today,
24 and as the mayor of the City of East Chicago, I
25 want to tell you that I will do everything in my

1 power that you never regret that decision and
2 we'll have one of the best operations in the
3 State of Indiana, and again, my thanks to you. I
4 want to congratulate each of you. In light of
5 what your chairman said earlier, I happen to be
6 in a position at times where I appoint committees
7 and have people fulfilling and making sacrifices
8 in order to bring about good things for our
9 community, as you're trying to do for the State
10 of Indiana. I want to congratulate each and
11 every one of you because I think you conducted
12 yourself through the course of this without any
13 doubt in anybody's mind that you have the
14 interest of the people of Indiana and the State
15 of Indiana and the future of Indiana at heart in
16 your deliberations. Thank you so much. God
17 bless you.

18 CHAIRMAN KLINEMAN: Let's conclude our
19 meeting. Do I hear a motion to adjourn? Moved
20 and seconded. Adjourned.

21 (Whereupon, the proceedings were
22 concluded.)
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STATE OF INDIANA)
) SS:
COUNTY OF MARION)

I, Deanne S. Hutson, Stenographic Reporter
within and for the County of Marion, State of Indiana,
do hereby certify that on the 8th day of January, 1996,
I reported the foregoing proceedings; and that the
transcript is a full, true and correct transcript made
from my stenographic notes.

Deanne S. Hutson

Deanne S. Hutson, Notary Public
Residing in Marion County,
Indiana

My commission expires:
November 6, 1998