

**INDIANA GAMING COMMISSION  
REGULAR MEETING**

11:00 a.m., May 6, 1994                      Gold Room, Vanderburgh Auditorium  
Evansville, Indiana

**MINUTES**

PRESENT: Commission members Alan Klineman, Chair; Ann Marie Bochnowski, Co-Chair; Gilmer Gene Hensley, Secretary; David E. Ross, Jr.; Robert Sundwick; Donald Raymond Vowels; Staff members John J. Thar, Executive Director; Kay Fleming, Judy Greene, Pam Ayres; from the IU-PUI School of Environmental Affairs (SPEA), Center for Urban Policy and the Environment - Indianapolis, John L. Krauss, Project Team Leader and Associate Director; Mark S. Rosentraub, Associate Dean; Barry Rubin, Associate Professor; Laura C. Littlepage, Policy Analyst; from the City of Evansville, Frank F. McDonald II, Mayor; and an audience.

ABSENT: Floyd B. Hannon, Deputy Director, IGC

Call to order

Chairman Alan Klineman called the meeting to order at 11:00 a.m. noting that all six current Commission members were present. One commissioner has resigned, but a quorum exists.

Remarks by the Honorable Frank F. McDonald II, Mayor, City of Evansville

Mr. Klineman introduced Frank McDonald, Mayor of the host city of Evansville, who welcomed the Indiana Gaming Commission members and indicated his appreciation for the opportunity to take the commissioners on a tour of the various proposed riverboat locations. He thanked the Commission for placing the City of Evansville first on the list after the work in Gary, Indiana, is completed, as the statute requires. The Evansville community is very excited about the prospect of riverboat gaming and the subsequent development and benefits that can occur. He noted that Evansville as a city looks forward to sharing with the Commission at a future time a bit of history of their evaluation process, sharing results of that process and basically going into great detail as to how they have ultimately arrived at the recommendations they will make to the IGC. They fully respect and are aware of the fact that the Gaming Commission has the final say. They stand ready and able to share a multitude of facts and figures and information that have been prepared by various consultants of their economic analysis--to accounting reviews, management strengths, and financial strengths and weaknesses of the six Evansville applicants. He indicated his hope to have the

opportunity to present that information. He again welcomed the group to the community and thanked everyone for coming.

On behalf of the Commission, Chairman Klineman indicated appreciation for the opportunity to visit Evansville and the proposed riverboat sites. It has been very meaningful and energizes the Commission to see the enthusiasm felt for the prospect of receiving a license. He thanked Mayor McDonald for the city's hospitality and pledged that the Commission will move forward as expeditiously as it can, always keeping in mind that decisions must be made very carefully.

Approval of the Minutes of April 8, 1994

Upon motion by Dr. David Ross and second by Robert Sundwick, the minutes of the April 8, 1994, Commission meeting were unanimously approved as read.

Report from the Director

Executive Director Jack Thar reported that the law suit filed on February 24, 1994, in Porter County, Indiana, has been rescheduled for May 19, in the Porter County Superior Court. On April 4, 1994, a subpoena was served upon the Commission seeking discovery from the Commission in a condemnation action in Michigan City. The suit is between the landowner, Great Lakes Inland Marina, Inc., and the City of Hammond Waterworks Department. The subpoena sought Commission records, more specifically, the answers to certain specified questions in the Riverboat Owner's license application as each pertains to the applicants in Michigan City. Staff filed a response on April 26, 1994, basically indicating that the bulk of the requested information is public record obtainable at the State Archives during normal business hours.

On April 29, 1994, staff had an introductory meeting with the members of the Center for Urban Policy and the Environment, who will compose the team doing the economic and financial analysis of the various applicants for the Commission. Mr. Thar reported that members of the team will be addressing the Commission during today's meeting.

Director Thar introduced John L. Krauss, project team leader, a senior fellow and associate director of the Center for Urban Policy and the Environment. Mr. Krauss has directed projects for the Center in the areas of local, state, and federal government; employment and training; economic development; dispute resolution; and finance. He is a former Deputy Mayor for the City of Indianapolis.

Dr. Mark S. Rosentraub, Associate Dean of the School of Public and Environmental Affairs for the Indianapolis operation and director of the Center, will oversee the implementation, economic

impact, and planning issues. Dr. Rosentraub has been involved with the analysis and implementation of economic development for nearly twenty years. He has extensively studied the economic development and tax relationships between sports and regional governments.

Mr. Thar also introduced Dr. Barry Reuben, associate professor in the School of Public and Environmental Affairs, with an extensive background in urban and regional planning and applied public policy analysis. Mr. Thar indicated that Dr. Reuben's primary areas of expertise are local economic development and regional economic analysis. Dr. Reuben has published considerable research on economic modeling to state and local economic development and has assessed the employment impact of urban enterprise zones.

The fourth member of the team, Laura Littlepage, has worked with both the state and local levels in New York and Indiana in various capacities with duties that included budgeting, policy analysis, and program evaluation. Mr. Thar pointed out that in her previous position at the Department of Commerce, Ms. Littlepage assessed the economic impact of several major projects, including the United Airlines MOC-2 and the Lilly expansion for the State Legislature's Budget Committee.

Mr. Thar reported that on May 4, members of the Center's team who are primarily responsible for performing the financial analysis met with members of the investigative teams. The purpose of the meeting was first, to be an introduction; secondly, an overview of the four Gary applicants' financial status as presently known through the investigations; and finally, to set up a model and a plan for the coordination of the information between the teams, the Center, the Commission, and its staff.

Since the last meeting on April 13, the Indiana Gaming Commission has passed the deadline for Part II of the application for all areas that passed the November 2, 1993, referenda. The 32 eligible applicants timely filed Part II. The IGC has received the official results, although not in writing, from the State Election Board on the May 3, 1994, referendum occurring in Crawford, Harrison, and Jefferson Counties. It passed in Crawford and Harrison Counties and failed in Jefferson County. Consequently, the IGC has two active applicants: Crawford County Casino Corporation in Crawford County and Riverboat Development, Inc. in Harrison County.

Mr. Thar indicated that the draft rules passed out at the April 8 Commission meeting will be presented to the Commission as proposed rules to go out for publication. Should the proposed rules be accepted by the Commission at this meeting, the two applicants that were in Jefferson County, specifically, Madison Landing Associates, Inc. and Jefferson Madison Limited Liability Company would be eligible under the proposed rules for a one-time change. If the

rules are not adopted, the Commission must either expand Resolution 1994-1 or create a new resolution which would allow these two applicants the opportunity to change to a county that had passed the referendum or passes the referendum in the future for the one-time \$10,000.00 fee.

Executive Director Thar concluded his report.

Gene Hensley questioned whether or not any of the applicants from Clark or Floyd Counties have the opportunity to file for Harrison or Crawford County. Mr. Thar explained that yes they do per Resolution 1994-1.

#### Old business

Chairman Klineman complimented the IGC staff for their work in receiving and expediting the filing process for the Part II applications out of a very small office in the Government Center. He remarked that there were boxes and boxes of applications. It was a very efficient operation.

#### New business

##### Request to Amend Part II Filed by Trump Interests

Executive Director Thar explained that attached to **Resolution 1994-15, A Resolution Concerning the Request of Trump Marina Resorts, Inc. to Substantively Amend Part II of its Indiana Riverboat Owner's License Application** is a copy of a letter submitted on behalf of the Trump application by its attorneys. In essence, in Part II they have sought to amend their permanent docksite. Originally they had proposed to put their development at the site that the City of Gary favored, the USX site. Subsequent to the filing of Part II, the city had switched its preference to the Buffington Harbor location. Consequently, the Trump Marina Resorts, Inc. had tendered to the Commission its proposed amendments to Part II that reflect a development at the Buffington marina site. Mr. Thar explained that the exact specifics are contained in the letter with an explanation as to which exhibit would be changed and what the change would be. From a staff point of view, Mr. Thar recommended that the Commission allow this change to occur as it is a change brought about by a situation outside the control of the applicant.

Gene Hensley moved that the requested amendment of Trump Marina Resorts, Inc., which changes the permanent Gary docksite from USX to Buffington Harbor as is more fully set out in the letter and amendments submitted May 2, 1994, be accepted and that **Resolution 1994-15** (see attached) be adopted as read by Director Thar. Upon second by Ann Bochnowski, the resolution was unanimously approved.

Director Thar explained that Trump was the only Gary applicant that needed to prepare a docksite amendment.

#### Consideration of Adoption of Rules

Draft rules were presented to the Commission at the April meeting. Informal written public comment was accepted until April 22. Chairman Klineman explained that if the rules are adopted at this May 6 meeting, the Commission will operate under them during the time period that the formal promulgation process goes forward. The rules and regulations will be reviewed by the State Budget Agency, submitted to the Indiana Legislative Services Agency 20 days before their publication date, and published in the Indiana Register on June, 1, 1994, along with a notice of a public hearing. Consideration of public comment is necessary before final rules are adopted. The final rules are then submitted to the Indiana Attorney General's Office, and then to the Governor. They are then filed with the Secretary of State's office before becoming effective. Additional rules can go through the same process until all the rules are in place.

IGC Chief Counsel, Kay Fleming, explained that basically the Commission will be adopting the rules with the additional changes made after receiving comments from the industry. The Gaming Commission received nine sets of comments. **Resolution 1994-14, A Resolution Adopting Article 1, Rules 1 and 6; Article 2, Rules 1, 2, 3, 4, and 5; Article 6 and Article 7** would adopt those changes and allow the IGC to operate under them until the final promulgation process is complete. In the meantime, the resolution will also adopt any non-substantive changes which are suggested by Legislative Services or the staff.

Ms. Fleming reported that several definitions (including, but not limited to, business entities, cash equivalents, table games, public officials, contributions) were added. Changes were made in some of the definitions (cash, drop bucket; craps was expanded). Some of the substantive changes that the IGC has made are in the representation of the attorney to expand attorney privileges. She highlighted other additional changes. A statement of intent to be employed by a riverboat was added to the occupational license definitions and rules. This can be taken care of during the certificate of suitability and interim compliance period phase. Administrative hearings has been changed from "clear and convincing evidence" to "a preponderance of the evidence." Although the occupational training school rule was not meant to limit riverboat owners from providing their own training, the IGC added a proviso that it is absolutely clear that they can do that without being licensed. Another proviso was added that suppliers can provide training to riverboats and their employees if they sell them different machines. Added to the riverboat owners' license

portion is that the deadline for the docksite amendment for filing Part I of the application cannot have expired for the area to which they want to transfer or amend their docksite. A proviso was added that "unless otherwise stated, a denial of an application does not reflect that the applicant is not suitable for licensure."

Ms. Fleming indicated that two changes will be made that Ann Bochnowski brought to IGC attention. On Page 8 of the riverboat licenses, under the public hearing section, subparagraph E, the word "may" in the second line will be changed to read "shall," and on the fifth line, the word "or" shall be changed to "and." With the supplier licenses, an exception was allowed. If the political subdivision, county, or municipality is the owner of the dock facility, it will not have to obtain a supplier license.

Ms. Fleming proposed that if the Commission accepts the proposed rules, they will be sent to Legislative Services on the following Monday. They will be published in the June 1 Indiana Register. Public hearings to hear comments on the rules will be scheduled for June 28 at 9:30 a.m. in the Auditorium of Indiana Government Center South in Indianapolis. Commission members do not have to be present. The hearing and comment period will be recorded and transcribed; Commission members can then read and review the transcription.

The Indiana Gaming Commission staff thanked all who furnished input and the Commission members who provided comments.

Don Vowels moved that **Resolution 1994-14** be approved as read (see attached), second by Ann Bochnowski. The resolution unanimously passed.

#### Other business

#### Article 8 Public Safety and Excursions, Rule 1 Excursions, routes, and public safety

Executive Director Jack Thar indicated that this rule has been under discussion for some time. It has been one of the reasons for the meetings with the Army Corps of Engineers, the Coast Guard and also a meeting he attended in Evansville with members of the ICE Committee, who are involved in barge traffic and tow operations up and down the Ohio River. The Gaming Commission believes that public safety and the prevention of putting any vessel in danger or any individual passenger in danger far outweighs any type of super-hyper-technical requirement that a boat has to cruise a particular distance at a given time. The Commission has tried to put together a regulation which would first keep public safety in mind.

Mr. Thar read **Rule 1 Excursions, routes, and public safety**, under **Article 8 Public Safety and Excursions** (see attached) which defines

excursions, requires the filing of excursion schedules, and provides for excursions during adverse conditions. Dockside gambling is prohibited, per the Riverboat Gambling Act. Public comment is encouraged through May 23, 1994. Written comments should be directed to the IGC office.

Mr. Thar added that in discussion of certain aspects of this proposed rule with the U. S. Coast Guard, they have indicated that there is a Coast Guard requirement that any type of reported difficulties with the vessel would have to be reported to them. There should be an additional cite or a changed cite to the Code of Federal Regulations under Sec. 1. (5) "Master."

Chairman Klineman indicated that the state will continue its efforts to achieve a permanent settlement with Kentucky as to its declaration that gambling will not be allowed on its part of the Ohio River. A satisfactory agreement was made between the State of Kentucky and the State of Illinois.

#### Article 1 General Provisions, Rule 7 Weapons

Executive Director Jack Thar explained the draft rule. When passengers are aboard a riverboat vessel, the only person allowed to have a weapon on the boat is the Commission agent. The only exception to that falls within two areas: security personnel of the riverboat licensee may have a weapon when there are no patrons present (count times or money movement times) and law enforcement officers or federal law enforcement officers, but only when their primary purpose and sole purpose for being on the boat is to conduct their official duties and with prior notice to the Commission itself that they will be carrying a weapon on the boat. Director Thar explained that this rule will also be available for public comment during the same period of time.

Mr. Thar added that copies of both Rules will be available for purchase on Monday, May 9, 1994, at the IGC office.

#### Suppliers' and Occupational Licenses

Chairman Klineman indicated that a form needs to be approved for a supplier's license and occupational license 2 & 3. The Commission now has proposed rules which cover these items but it needs the formal approval of the application itself. As it has been decided that there will not be a June meeting, as the IGC will be involved in hearings on the Gary licenses in July, Mr. Klineman proposed to the Commission that it allow the issuance of occupational licenses 2 & 3 and suppliers' licenses conditionally by the staff between now and the next meeting. At this next meeting the IGC will formally look at these licenses. Before they are released by the staff, however, each one of the commissioners will receive a copy of the proposal. The group will not be able to be together to act formally, but there should be a time in which each member can

review them and get back to the staff with comments. After that period of time, Mr. Klineman indicated they would initially be released to the applicants and will probably be in use until they can be formally ratified.

#### Next Meeting

Chairman Klineman announced that the next meeting of the Indiana Gaming Commission will be tentatively set for Tuesday, July 12 at 9:00 a.m. in Gary, Indiana, at which time the Commission will formally review the Gary applications and any other business it has.

#### Resolutions Formerly Passed That Expire July 1, 1994

Director Thar indicated that three resolutions previously passed by the IGC would expire on July 1, 1994. They are not covered in the proposed rules and staff would suggest in regard to Resolution 1993-3, which deals with the pro rata costs of the special election; Resolution 1993-7, a resolution establishing interim guidelines governing ex parte communications between Commission members and applicants; and Resolution 1993-16, which prescribes the form for Riverboat Owner's License Application, Part II, and Personal Disclosure Form I; that the Commission extend the effective dates of each of these by a nunc pro tunc order to the date that rules are adopted by the Commission. Further, Resolution 1993-3 should be extended to "all elections held up through January 1, 1996, when that resolution would then expire" as that portion of the statute expires on that same date.

Hearing no objections, Chairman Klineman so ordered that the resolutions that would have expired on July 1, 1994, be continued and an order to that effect entered nunc pro tunc dating back to the previous resolutions so that those resolutions will stay in effect.

The Commission adjourned at 11:55 a.m. on motion by Don Vowels, second by Gene Hensley.

#### Presentation by Center for Urban Policy and the Environment

John Krauss, project team leader for the Center for Urban Policy and the Environment, School of Public and Environmental Affairs, indicated that both Dr. Mark S. Rosentraub and Dr. Barry Reuben would be addressing the Commission. They want to familiarize the IGC with what they will be doing in terms of measuring the economic impacts and economic growth from riverboat gaming operations. He noted that at the present time there are eight professional staff on this team.



Both Dr. Rosentraub and Dr. Reuben outlined the four major regional economic impact analysis techniques. They will be using the Regional Impact Multiplier System. It 1) utilizes a regional input-output model to derive employment and earnings multipliers, 2) is based on a national input-output table that is converted to a regional table via use of local earnings and employment data, 3) is available for states and multi-county regions from the Bureau of Economic Analysis, U.S. Department of Commerce, 4) is almost as accurate as a locally-generated input-output model, 5) is very cost-effective: employment and earnings multipliers can be generated and applied within 8-10 weeks, and 6) similar methodology is utilized in hundreds of previous impact analysis studies.

The SPEA representatives were very responsive to questions from the commissioners. Chairman Klineman thanked them for their informative presentation.