

ORIGINAL

BEFORE THE INDIANA GAMING COMMISSION

PUBLIC MEETING

TRANSCRIPT OF PROCEEDINGS

DATE: December 9, 1994
PLACE: Indiana Government Center Auditorium
302 West Washington Street
Indianapolis, Indiana
REPORTED BY: Maria W. Collier, Notary Public

MEMBERS OF THE COMMISSION

Alan I. Klineman, Chairman
Thomas F. Milcarek
Robert W. Sundwick
Dr. David E. Ross, Jr.
Gilmer Gene Hensley
Donald R. Vowels
Ann Marie Bochnowski

ALSO PRESENT

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

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1 MR. KLINEMAN: Barden will now proceed
2 with their presentation. It's five minutes after
3 10:00. If you'll identify yourselves for the
4 record since we are making a permanent record.

5 MR. HUGHES: Mr. Chairman, Jim Hughes.
6 I'm the attorney for Barden/PRC Gary. I am not
7 speaking, and I am not making the presentation.
8 Mr. Barden and Mr. Ellers are doing that, and
9 they are on their way to the microphone
10 momentarily.

11 MR. ELLERS: Good morning, ladies and
12 gentlemen of the Commission. Mr. Barden is here
13 and should be here within a couple seconds to
14 start the presentation.

15 MR. KLINEMAN: I did see Mr. Barden so I
16 know he's present. Mr. Barden, you're down to 27
17 minutes. I'm sorry we did start promptly, but
18 they tell us that you're the one that's going to
19 make the presentation, and you have about 27
20 minutes.

21 MR. BARDEN: Thank you, Mr. Chairman. I
22 went out to get some water so my mouth wouldn't
23 be dry, and in running back it's dry again so it
24 didn't do much good. Mr. Chairman, honorable
25 members of the Commission, Mr. Thar and his

1 staff, it's our pleasure to appear before you
2 this morning in the final step in the awarding of
3 a license for the City of Gary.

4 First, I'd like to compliment the state
5 and this Gaming Commission for this process. I
6 think it's been fair. I think it's been
7 thorough. And being in the capital today and
8 seeing these gorgeous facilities and seeing this
9 Capital City of yours I can see why all of you
10 are proud to be Hoosiers, and, in fact, the
11 quality of life in this state and the quality of
12 the people in the state I think are second to
13 none in this country.

14 I want to say that our process in Gary
15 has also been very thorough. The city has
16 exercised integrity. The city is committed to
17 assisting its citizens. The city, as you know,
18 has many resources in which to accomplish a lot
19 of its goals and objectives. We've tried all
20 along to be of service and to help that
21 community.

22 We have followed the rules at the city
23 level and on the city process. We have followed
24 the rules with this Commission and its process.
25 We have exercised high character and our

1 integrity has been impeccable. With respect to
2 the project our commitment is unchanged. We have
3 not wavered. We're committed financially and
4 otherwise to achieving the goals that we set
5 forth for this project.

6 One of the things that I have always
7 practiced is hands-on knowledge and expertise
8 concerning the product which we are trying to
9 develop. I think our knowledge of the site and
10 the sites in the City of Gary is far and above
11 the knowledge of anyone else because of our due
12 diligence and because of our commitment to get it
13 right the first time.

14 We spent a vast amount of time and
15 resources to understanding the situation and to
16 provide solutions. We have provided the
17 engineering work for the application to the Army
18 Corps. We've provided tremendous resources not
19 just to the city but also to the other applicants
20 to express our spirit of fairness in this whole
21 process because we knew that we had information
22 that they perhaps did not gather or secure on
23 their own, nevertheless, in the spirit of
24 cooperation, and we think this is a partnership
25 and a cooperative effort not with just the two

1 developers but the state as a partner in this
2 endeavor. The state has a large stake in what
3 occurs here, and the city has a part in this
4 endeavor.

5 Since the September 1 hearing we have
6 continued to work, to do our due diligence to try
7 to bring this project about in a timely fashion
8 so that the benefits can start flowing to the
9 state and to the city. We've spent over \$100,000
10 to conduct a wave model study in the harbor and a
11 hundred thousand foot warehouse that, in essence,
12 tells us about the viability of the harbor, the
13 safety features, the impact of boats being
14 located there whether docked or what have you.

15 We have that study complete. We have
16 submitted summaries and findings to the other
17 developers, and I think -- would you raise that
18 up, Don, to just show what kind of work product
19 went into that (Indicating). Those are the
20 findings of that study. Lehigh, the owners of
21 the particular site that we're working with, were
22 present, so was Marble Head, so we've tried to
23 get all of the operational issues out of the
24 way. We've made them a party to it. We'll
25 continue to negotiate with them, with the

1 operational people on the site, to resolve all
2 the issues.

3 We've initiated discussion with the
4 railroads to resolve all the overpass issues and
5 established a rapport with them. We've resolved
6 environmental issues with no dredging required,
7 no outside harbor work, no disturbance of the
8 beach required, no loss of wetland, no historical
9 building impact. We had studies performed on the
10 historical buildings of the site.

11 We've ordered stone for the breakwater.
12 We've spent over a hundred thousand dollars for
13 the stone for the breakwater, and that is in
14 process. And we have reserved time at the quarry
15 for that stone to be produced so that during the
16 months of February and March all of the stone can
17 be produced and delivered, and we can be in
18 construction before mining season so that we can
19 be operational in early summer or late spring of
20 next year. We've prepared the utility routing.
21 It's acceptable for water and sewage.

22 We think we've made tremendous progress
23 over the 12 or so months that we've concentrated
24 on this location, and we think that within a
25 short period of time, if we're one of the

1 selected developers, we can start construction
2 and have this facility operational and open,
3 keeping in mind that a breakwater, in our
4 opinion, for the safety of the passengers is
5 necessary to have a viable business. If you want
6 your customers to return we think that it's
7 essential that you have an environment of
8 comfort.

9 Just as a quick overview of our economic
10 development package for the city, as you know, it
11 totals \$116 million. The lakeside and harbor
12 improvements are 7,875,000; our pavillion and
13 other gaming related developments are 14,100,000;
14 our other enhancements are 42,525,000, and that
15 includes a provision for theaters, restaurants,
16 retail, family entertainment facility, outlet
17 mall; the allocation of 5,000,000 for land
18 purchase; demolition and site preparation of
19 1,500,000; 35,000,000 is a credit towards the New
20 Yorker; 10,000,000 to refurbish the Union
21 Station. In addition, we are providing three
22 percent of our gross revenue for other economic
23 development to the City of Gary over and above
24 the statutory five percent required.

25 We have said, because we were trying to

1 do a coordinated development, that if the other
2 applicant does not build a hotel part of our
3 development package can be designed to build a
4 hotel. It's the city's feeling and most others'
5 feeling that one 300 room hotel is adequate for
6 the current market. We also think that that's a
7 good idea and a good concept. I have a lot of
8 family members in Michigan and Illinois and Ohio,
9 and they all need a place to stay also. I always
10 like to mention my family because I think it's a
11 reflection on the kind of person that I am. I'm
12 from a family of 13, from humble beginnings, and
13 you never in our family forget your roots.

14 As I said, we've played by the rules
15 throughout this process with the highest
16 integrity. We would not try to knock anyone else
17 for our own benefit or criticize someone else.
18 We've always tried to take the high road and the
19 positive road, and no matter what happens we're
20 very proud of that because we feel good about our
21 conduct.

22 Our ownership percentage has not
23 changed. The intended spirit of it was for local
24 ownership and participation but not a giveaway.
25 All of our local owners will be Gary residents as

1 defined by the city, and they will pay for their
2 interests. There's no free load, no carried
3 interest. It's cash up front, no notes. They
4 will have something of this if we are successful,
5 and if the project is successful they will be
6 rewarded accordingly.

7 Along the lines of playing by the rules
8 and sticking to the agenda, I'd like to call on
9 my partner, Ed Ellers, the president of President
10 Riverboat Casinos, to go through point by point
11 Mr. Thar's letter dated November 28th outlining
12 the criteria for today's session. Mr. Ellers.

13 MR. ELLERS: Thank you, Don. Good
14 morning, members of the Commission. I wanted to
15 first address the position of President today
16 versus the position we were in on September 1st.
17 A lot of things have happened, almost all of them
18 positive. I'm proud to stand here today to speak
19 to this Commission at the same time that the
20 Admiral of St. Louis opened this morning with
21 1,500 slot machines as a result of the vote that
22 took place on November 8th.

23 There were over 2,000 people lined up at
24 the levy at Laclede's Landing, and we are now
25 fully operational on the Admiral with 1,500 slot

1 machines and 70 game tables. That will mean
2 increased cash flow for this company. When we
3 stood here in September we talked about it being
4 break even at best. We said it wouldn't go on
5 without slot machines. That is no longer the
6 case. That's the positive development in our
7 view for that property.

8 But, in addition, our Iowa property,
9 which just within the last several months,
10 September 1st, has been exposed to unlimited
11 gaming, our numbers there have remained constant
12 and very, very good. Again, a very positive
13 situation, tremendous increases in our revenue in
14 Iowa. So both our property in St. Louis, where
15 we're anticipating as a result of slot machines
16 an increase in cash flow, and also in Iowa, where
17 things have held up very, very strongly, we feel
18 we're in a much better position. Biloxi has held
19 its own. We are still marginally profitable
20 there despite intense competition. That property
21 remains profitable through this last quarter. So
22 all of our operations are doing very well, and we
23 now have the Admiral on board.

24 One of the questions asked was about the
25 increase or decrease in the stock price, a very

1 sensitive subject to all of us. Our stock prices
2 remain fairly constant. We have traded pretty
3 much since the April election in Missouri
4 somewhere between eight and a half and nine and a
5 half. It has gone up as high as eleven and a
6 quarter following the boat in St. Louis and has
7 been down as low as seven and a third.

8 I did not check yesterday's close, but
9 it's somewhere in the mid-eights. I believe when
10 we were here in September it was in the high
11 eights or right around nine dollars so it has
12 been fairly stable, very steady. We have not
13 experienced a lot of the radical ups and downs
14 that some of the other companies in the sector
15 have experienced. We have had that previously,
16 but we've been relatively stable.

17 We had talked the last time about an
18 application in Carter Lake, Iowa, and I believe
19 at that time I said that was a possibility. We
20 have since filed an application in Carter Lake,
21 Iowa, with the Iowa Racing and Gaming
22 Commission. We are one of six applicants for
23 Carter Lake. That decision will be made sometime
24 in late January 1995. We don't even know how
25 many licenses will be awarded. It could be one,

1 it could be two, it could be three, it could be
2 none. The Gaming Commission is determining now
3 how many they're going to issue.

4 In the event that we are fortunate
5 enough to receive that we already have a boat
6 that is paid for in full. We have gaming
7 equipment on that boat that is paid for in full.
8 The commitment there will not effect in any way
9 our ability to carry forth the Gary situation.
10 Most of that is already done. Over half of the
11 commitment at Carter Lake is already paid for, in
12 the bank, and been taken care of.

13 One of the most significant developments
14 that has occurred, in addition to the Admiral and
15 Iowa and increased cash flow, is with respect to
16 our boat. The last time we were here there was a
17 lot of discussion about the various
18 certifications of the boat. Since that last
19 hearing we have taken steps, in conjunction with
20 the Coast Guard and our naval architect, to
21 increase the certification on our boat.

22 Whether it can operate as a practical
23 matter and whether it can be convenient to people
24 in exposed waters, that's a different story, but
25 as a strictly Coast Guard and technical matter

1 our boat will be certified to operate in
2 Buffington Harbor with an exposed water situation
3 with an unprotected harbor the same as anybody
4 else's boat that's been represented here. We've
5 worked with the Coast Guard. We've worked with
6 the Adjahny & Bay (Phonetic) who are naval
7 architects.

8 Our boat, which is now in Lake Erie --
9 it's already made it through some of the Great
10 Lakes under its own power -- it's sitting in
11 Erie, Pennsylvania, right now for the winter in
12 the Great Lakes, and should we be fortunate
13 enough to receive permission to operate in Gary
14 our boat will be able to operate without any
15 improvement in Buffington Harbor under the
16 certificate we will receive.

17 So we are taking steps to modify our
18 boat to make sure that that's taken care of, and
19 I might add they're relatively minor
20 modifications. This was not a major undertaking
21 because the boat is already certified at one
22 level. We're just taking it up one notch. We
23 just wanted to put that to bed.

24 I think that those are the -- we have
25 had no changes in any key personnel. There's

1 nobody who was here before even September who is
2 not with us. We have not added anybody. It is
3 the same people on the application, the same
4 company, the same partners, the same everything,
5 so we have no change in that.

6 Again, all I would -- what I would
7 emphasize is that we are experienced boat
8 operators. We are experienced gaming operators.
9 We are experienced riverboat gaming operators.
10 We have a proven track record. We think it's a
11 good one. We're proud of it. We're proud of our
12 company. I think today we stand before you with
13 the opening of the Admiral with the slot
14 machines, with our experience in unlimited gaming
15 in Iowa having been positive, with our boat now
16 absolutely in the highest certification possible
17 to operate on a lake, and with our knowledge of
18 what's going on in Buffington.

19 And we firmly believe that once the
20 people are designated to be the licensees that
21 the situation in Buffington will get resolved. I
22 think that's a reasonable expectation. If we
23 have a meeting with the people from Lehigh I
24 think, as the Chairman indicated at the close of
25 the last hearings, it's not really going to begin

1 to focus until somebody is there to sit with
2 them. It's kind of an abstract right now. When
3 somebody's actually -- a real person is sitting
4 across from Lehigh we have every indication that
5 that's going to be resolved quickly. We think we
6 know how to do that.

7 So in summary, we're ready, willing, and
8 able to carry on in the same manner we talked
9 about in September but with what we believe to be
10 a stronger company, both of us, now without
11 question. Thank you.

12 MR. BARDEN: I'd like to just summarize,
13 and I may even finish three minutes early. If
14 you look at what it takes to get the job done it
15 requires a boat, it requires money, some
16 expertise and development, and some experience in
17 operating. Our company is the most experienced
18 company in riverboat gaming than any of the other
19 applicants. Our company is the most experienced
20 in operating boats than any other company. Our
21 company is the most experienced in urban
22 development.

23 We have, we think, superior knowledge of
24 the site, intimate detail. We have volumes and
25 volumes of studies, paperwork. More importantly

1 we have established a good working relationship
2 with all of the entities, the Coast Guard, Army
3 Corps of Engineers, Lehigh, Marble Head, the
4 city, USX. We've done our homework.

5 Our boat does not have to go under any
6 extensive remodification. It's ready to sail
7 through the lakes already. I've seen it. It's a
8 beautiful boat. If we need a larger boat then we
9 have the resources to bring on a larger boat.
10 This one is ready to be deployed now, to generate
11 revenue now, not the uncertainty of something in
12 the future, but now.

13 Financing is a very key element. It
14 takes time to secure financing. I'm happy to
15 announce to you that the City Council of Detroit
16 approved the transfer of my cable system on
17 Wednesday by a nine to nothing vote. Within two
18 weeks I'll have approximately \$100 million in
19 cash, a private individual with one board of
20 directors, and that's me, to deploy that capital
21 as I see fit.

22 And I will deploy it in Gary to get this
23 project done cash ready, no covenants, no
24 restrictions, unlimited use of the cash and the
25 capital. That's in addition to cash in the bank

1 set aside by President Riverboats for this
2 project specifically, cash money, no strings
3 attached, no going to the market, no printing of
4 offering memorandums or circulars, just decisions
5 by two people, the head of President and myself.
6 We can start spending money today. We've been
7 spending money, and we can accelerate that. We
8 can commit cash, and people will sign contracts
9 and perform for us because they know they will be
10 paid.

11 We have the ability to open in five to
12 six months. It's important, because the state is
13 a partner, the city is a partner, that a revenue
14 stream be created. It's important for us to
15 demonstrate to everyone else in the state that
16 this process is moving ahead and that it's going
17 to be successful and that no one will be
18 embarrassed.

19 Reliability of our team is
20 unquestionable. We can deliver. We have the
21 experience. I'll close by a personal note. I'm
22 quoting from a magazine article that appeared
23 about me in June of '92. It was in regards to a
24 project that I performed for the government of
25 Wayne County. It's quoted by the deputy

1 executive director in respect to his satisfaction
2 of a \$61 million detention facility that I
3 constructed for the county.

4 Mr. Dugan said about me that, "He
5 completed the job ahead of schedule and \$500,000
6 under budget. From a taxpayer's standpoint he's
7 a dream to work with." That was one of the
8 highest compliments that I have received in my
9 business career, and I hope that that compliment
10 is repeated in Gary and in Indianapolis. Thank
11 you.

12 MR. KLINEMAN: Thank you. We have one
13 item that we need to take care of which is at the
14 conclusion of the Gary hearings the Commission
15 asked that the applicants submit certain material
16 concerning their local investors, that having
17 become a question that the Commission was
18 interested in.

19 In addition, I think we asked Barden or
20 they indicated that they thought maybe some of
21 the computations which had been made in the
22 reports that the Commission was using were not
23 the same numbers that were viable and in the
24 application. And I think what has happened, we
25 have received that material from the applicant

1 concerning the local investments, but in addition
2 to submitting the figures from Barden and the
3 local investors from each of the applicants some
4 of the applicants submitted some additional
5 material, some of which could have been
6 considered amendments to their application.

7 And I think at this time in order for
8 everyone to understand where we are I would ask
9 Mr. Thar to just briefly tell us concerning some
10 of the material that has been submitted which had
11 not been requested by the Commission.

12 MR. THAR: Thank you. If I may back up,
13 Mr. Chairman, just briefly. As you indicated, in
14 addition to local investor material, which we did
15 request of Barden/President Riverboat Casinos
16 Gary LLC, to submit numbers that it was utilizing
17 during the course of the Gary hearings up there
18 that were, it became apparent, different than
19 those being utilized by the Commission and
20 utilized in the analysis. In conversations the
21 Commission did request that those numbers be
22 submitted that were being used by the Barden/PRC
23 Group.

24 Those numbers were, in fact, submitted.
25 They submitted those numbers to the staff,

1 submitted those numbers to the Center for Urban
2 Policy and the Environment. An analysis of the
3 numbers submitted indicated that those numbers
4 did not substantially change the overall
5 relationship of Barden/PRC's package either as to
6 the way it was presented in the Commission
7 analysis or in relationship to the other
8 applicants.

9 As a result, it is the recommendation of
10 the staff that the Commission not integrate those
11 numbers submitted by Barden/PRC into any of its
12 analyses and go with the numbers that were
13 originally utilized. I would request that the
14 Commission take a position on that with regard to
15 a motion.

16 MR. KLINEMAN: The question, as stated
17 by Mr. Thar, is should we use the new numbers
18 which we did request be submitted by this
19 applicant which, according to our analysis,
20 doesn't really change their position vis-a-vis
21 their relationship with the other applicants and
22 their overall conclusions which were available to
23 us up in Gary. So there probably will be a
24 motion to not consider the new numbers which have
25 been submitted by Barden and allow the report to

1 stand as made.

2 MR. THAR: Precisely correct.

3 MR. KLINEMAN: Do I here such a motion?

4 MR. VOWELS: I'll make a motion.

5 MR. KLINEMAN: Is there a second?

6 MR. HENSLEY: I'll second.

7 MR. KLINEMAN: Is there any discussion?

8 Does everyone understand what we're doing? We're
9 basically saying that the new numbers that were
10 submitted pursuant to our request really don't
11 change the situation so why use them. Hearing no
12 discussion --

13 MR. HENSLEY: Excuse me. We do want to
14 clarify though that they were looked at to make
15 sure that they didn't cause any impact.

16 MR. KLINEMAN: The record certainly
17 should show that they were, in fact, analyzed and
18 looked at. Well, if there are no further
19 discussions or questions all those in favor of
20 the motion say "I".

21 COMMISSION MEMBERS: I.

22 MR. KLINEMAN: Contrary?

23 COMMISSION MEMBERS: (No response.)

24 MR. KLINEMAN: The I's have it. Then in
25 addition, Mr. Thar, there were other materials

1 submitted; is that correct?

2 MR. THAR: That's correct. In addition
3 to the information the Commission requested,
4 applicants for the licenses in Gary submitted
5 additional information that the Commission would
6 like, as was outlined to the Commission in a
7 letter. I can outline again what those materials
8 are by applicant.

9 With regard to Barden/President
10 Riverboat Casino they did not submit any
11 information that was not requested meaning they
12 only submitted the local investor information
13 along with the numbers that the Commission
14 requested. There is no action that needs to be
15 taken with regard to anything additional with
16 regard to that applicant.

17 Dunes Marina Resort & Casino has
18 submitted, in addition to local investor
19 information, the following: A letter and
20 additional drawings setting forth an expanded
21 explanation of Monarch's vision for Gary being a
22 destination of tourism and resort. The vision
23 now includes East Chicago and a newly designed
24 breakwater and sketches that indicate the ability
25 to integrate its plans with all of the other

1 applicants.

2 Secondly, a further explanation of the
3 bowling concept indicating the increased tourism
4 bowling tournaments on a large scale would bring
5 to the area. This included an extensive or
6 massive list of bowlers signed up to attend
7 functions in Reno, Nevada.

8 Third, a letter designed to clarify the
9 issues brought up during the hearing. The letter
10 discusses, first, Dunes' position should the cost
11 of the land be in excess of \$5 million; secondly,
12 Dunes' boat status; and, third, Dunes' position
13 on developments in other gaming jurisdictions.

14 A fourth item was two pieces of paper
15 which were described as showing the strength of
16 Monarch's stock and the financial questionability
17 of the Trump organization.

18 Five, a report prepared by Crowe Chizek
19 for Dunes illustrating the project costs,
20 benefits, and total revenue generated by Dunes in
21 conjunction with each of the other applicants.
22 The report also briefly discusses the issues with
23 Dunes' boat and other applicants' boats.

24 Sixth, a letter explaining, first, Dunes
25 ability to work with other applicants; second,

1 Dunes ability to start for a quick start; and,
2 third, setting out three weaknesses of the Trump
3 proposal.

4 Seventh, a letter introducing a second
5 letter and photographs, the second letter and
6 photographs describing and depicting work
7 completed and to be completed on the Dunes boat.
8 That concludes what was submitted until this week
9 when Dunes submitted an outline of a description
10 of -- submitted materials which they described as
11 being an outline of what the presentation would
12 be today so those materials would not be
13 considered. I assume that will part of their
14 presentation.

15 Lakeside Resorts submitted the
16 information concerning the local investor issue
17 and a bond volume. The bond volume included --

18 MR. KLINEMAN: Excuse me, Mr. Thar.
19 Maybe we should do something one at a time.

20 MR. THAR: Sure.

21 MR. KLINEMAN: That might make it a
22 little clearer to everyone.

23 MR. THAR: With regard to the
24 information submitted that was not requested by
25 the Commission by Dunes Marina Resort & Casino

1 the staff's position is that some of that
2 represents a substantial difference from not only
3 their application but from their presentation
4 during the Gary hearings on August 31 through
5 September 2nd, and as a result that should not be
6 made part of the record and should not -- those
7 materials should not be considered by the
8 Commission's deliberations.

9 If they wish to submit the other
10 materials to explain their position with regard
11 to the Gary hearing they can be either
12 reexplained today or have already been presented
13 to the Commission. So it would be the staff's
14 position that the additional materials not
15 requested not be a part of the deliberations or
16 considerations of this Commission.

17 MR. KLINEMAN: Does everyone on the
18 Commission understand where we are with respect
19 to these particular materials? We've analyzed
20 the moving target problem. If people are
21 continually changing it it makes it just
22 impossible for the board to really compare apples
23 and apples and come up with any realistic
24 analysis by our staff or by the experts so I
25 would agree with Mr. Thar that we probably should

1 reject the new material that's been submitted by
2 the Dunes Marina Resort & Casinos.

3 MR. HENSLEY: But that doesn't prevent
4 them from discussing whatever they want to
5 discuss in the proper place.

6 MR. KLINEMAN: Right. As I said before,
7 I think it should be the Commission's position
8 that anyone can say whatever they want to, but
9 they should be forewarned in respect to their
10 official submissions in writing. Anyone have any
11 other comments or questions? Is there a motion
12 then to reject the additional materials submitted
13 by the Dunes Marina which were not requested by
14 the Commission during the hearings in Gary?

15 DR. ROSS: So moved.

16 MR. KLINEMAN: Is there a second?

17 MS. BOCHNOWSKI: I'll second.

18 MR. KLINEMAN: It's seconded by Ann.
19 Any further discussions? All those in favor of
20 that motion say "I".

21 COMMISSION MEMBERS: I.

22 MR. KLINEMAN: Contrary?

23 COMMISSION MEMBERS: (No response.)

24 MR. KLINEMAN: The I's have it. The
25 motion is passed. The next would be Lakeside; is

1 that correct, Mr. Thar?

2 MR. THAR: That's correct, Mr.
3 Chairman. In addition to the information
4 concerning the local investors, Lakeside
5 submitted in a bound volume other information
6 which is outlined as follows: The first area of
7 the volume was financial performance. One
8 section was Lakeside Resorts' current pro forma.
9 It was a revised update since their May 1923-1994
10 amendment; (b) a northwest Indiana gaming market
11 statement; and (c) their comparison to the other
12 three applicants.

13 The second section of their report
14 discussed financial commitments. The first part
15 was adjusted gross revenue to the City of Gary;
16 (b) capital for land acquisition; (c) capital for
17 infrastructure and/or City of Gary projects
18 including Sheraton senior citizens housing and
19 Buffington Harbor Hotel; (d) funding for Lakeside
20 Economic Development Corporation.

21 The fourth section -- the third section
22 was the local investor information which has been
23 passed on to the Commission. The fourth section
24 was a description, a more expanded description,
25 of Sportopia including: (a) an overview with

1 sections (b) and (c) being descriptions of
2 Sportopia in Branson, Missouri, and Gary,
3 Indiana, respectively; and (d) a financial
4 analysis of Sportopia for Gary, Indiana.

5 The fifth section was a summary of the
6 Lakeside presentation. Some of these items were
7 discussed by Lakeside during the presentation,
8 and it's not the staff's position it should be
9 barred from discussions here. But to now
10 incorporate these materials before the Commission
11 for its deliberations it would again be the
12 staff's position that that not be done by the
13 Commission, that the acceptance of those
14 materials beyond the local investor information
15 be rejected.

16 MR. KLINEMAN: Do I hear a motion to
17 reject the additional materials submitted by
18 Lakeside Resorts LLC which were not requested at
19 the conclusion of the Gary hearings?

20 MR. HENSLEY: I'll make the motion.

21 MR. KLINEMAN: Motion made by Mr.
22 Hensley. Is there a second?

23 MR. MILCAREK: I'll second.

24 MR. KLINEMAN: Second by Tom. Any
25 further discussion? All those in favor say "I".

1 COMMISSION MEMBERS: I.

2 MR. KLINEMAN: Contrary?

3 COMMISSION MEMBERS: (No response.)

4 MR. KLINEMAN: That motion is adopted.

5 That leaves us Trump Hotels & Casinos Resorts,
6 Inc.

7 MR. THAR: Yes, sir. In addition to
8 local investor information the Trump organization
9 submitted only one other item. That was a
10 construction time line showing project
11 development for the areas of preconstruction,
12 temporary and permanent facility design and
13 construction. It is a one page document.

14 Again, while that may be important and
15 part of the Trump overall presentation today, the
16 acceptance of that document would be recommended
17 by the staff to not be accepted as part of the
18 deliberations or part of the presentation. We
19 request that that be rejected.

20 MR. KLINEMAN: Okay. Are there any
21 comments concerning this matter?

22 MR. HENSLEY: I'd like to comment that I
23 think that I requested that particular slide just
24 so that we would have something that we could
25 refer to, but I agree that it's not necessary for

1 the purposes of this evaluation, but I do
2 appreciate it as sufficient.

3 MR. KLINEMAN: Anybody else have
4 anything they want to say? Do I hear a motion to
5 reject the submission of the time line by the
6 Trump Hotels & Casino Resorts, Inc.?

7 MR. HENSLEY: I'll make the motion.

8 MR. KLINEMAN: Mr. Hensley. Is there a
9 second?

10 MS. BOCHNOWSKI: I'll second it.

11 MR. KLINEMAN: Seconded by Ann. Any
12 further discussion? All those in favor say "I".

13 COMMISSION MEMBERS: I.

14 MR. KLINEMAN: Contrary?

15 COMMISSION MEMBERS: (No response.)

16 MR. KLINEMAN: That motion is adopted.

17 I think that pretty well cleans up what we're
18 doing. As we said before, that doesn't foreclose
19 those people from discussing these matters which
20 are not going to be part of the permanent written
21 record. With that we'll move forward to the
22 presentation by Dunes Marina Resort & Casinos,
23 Inc. which is to start by my watch at 10:45 for
24 30 minutes.

25 MR. BROWN: Mr. Chairman, might we have

1 a moment to set up a couple of visual aids,
2 please?

3 MR. KLINEMAN: I'm sorry?

4 MR. BROWN: Might we have a moment to
5 set up a couple of visual aids before we begin?

6 MR. KLINEMAN: That would be fine.

7 MR. BROWN: Thank you.

8 (At this time a short break in the
9 proceedings was had.)

10 MR. KLINEMAN: Can we come back to
11 order.

12 MR. BROWN: Thank you, Mr. Chairman,
13 members of the Commission, staff. My name is
14 Doug Brown. It's our privilege to represent in
15 Indiana Monarch Casino & Resort, Inc. and its
16 subsidiary, Dunes Marina Resort & Casino, Inc. I
17 am joined today by Monarch's co-chairmen of the
18 board, Bob and John Farahi, as well as Monarch's
19 architect and partner who is Peter Wilday.

20 Also appearing here on behalf of Monarch
21 either in its presentation or for questions and
22 answers are representatives of Monarch's ship
23 builder, Bender Shipyards; Monarch's lenders,
24 First Interstate Bank, Bankers Trust Company, and
25 Jeffers & Company; Monarch's builder, Browning

1 Roose; Monarch's marine engineer, the Evanhorst
2 Group; B. Wagner Company, the company engaged by
3 Monarch to plan and implement its affirmative
4 action hiring and minority supplier, vendor, and
5 contractor program; and Monarch's transportation
6 engineer, MSE Corporation; Monarch's Las Vegas
7 counsel, Michael Barne; Monarch's local counsel
8 in Gary, Fred Icor.

9 The purpose of today's presentation, as
10 the Commission has noted, is to bring the
11 Commission up to date on any changes of
12 circumstance since the September hearings. To
13 begin that process I'd like to turn the floor
14 over to Tom Bender of Bender Ship Builders.

15 MR. BENDER: Thank you, Doug. We have
16 the Monarch Casino at our yard in Mobile,
17 Alabama. Since the hearings in September Monarch
18 has spent over \$500,000 on whatever critical work
19 items were necessary to insure that the delivery
20 was maintained for May 26th in Gary. These items
21 of work include all engineering necessary to
22 immediately begin construction. All the
23 engineering was performed in accordance with the
24 U.S. Coast Guard regulations for operation in
25 Lake Michigan.

1 Also major items of material or long
2 lead items have been requisitioned. Steel has
3 been purchased, shop blasted, and prepared for
4 fabrication upon being so instructed. Also the
5 superstructure has been removed, and all asbestos
6 that was on board has been removed.

7 In summary, with all the work that has
8 been performed we feel confident the vessel could
9 be delivered in Gary ready for operation on May
10 26th. Thank you.

11 MS. CLEMENSTEIN: Good morning. I'm
12 Maureen Clementine with First Interstate Bank of
13 Nevada. First Interstate, with over \$55 billion
14 in assets is the preeminent lender within the
15 entire worldwide gaming industry. We currently
16 have in place over \$1 billion in syndicated
17 credit commitments in gaming companies. I am
18 pleased to have the opportunity to personally be
19 here today to speak on behalf of our valued
20 customer, Monarch Casinos.

21 First Interstate has developed a very
22 solid relationship with Monarch over the last six
23 years. Our involvement with Monarch began in
24 1989 when we arranged and syndicated an \$18
25 million term loan for the first phase of

1 construction of the Clarion Hotel and Casino in
2 Reno, Nevada. In mid-1993 we again arranged and
3 syndicated a \$30 million term loan for the
4 construction of the Clarion's phase two
5 expansion. Both construction phases were
6 completed on time and within budget.

7 The Farahis are very capable in managing
8 the complexities involved in developing and
9 constructing a large scale casino project and,
10 most importantly, delivering a first class
11 product. We have again extended our commitment
12 to Monarch Casinos by recently approving a \$10.5
13 million increase to the company's existing \$30
14 million term loan. This \$10.5 million commitment
15 is now available to Monarch for the initial
16 funding requirements of the proposed Dunes Marina
17 operation. Thank you.

18 MR. RABEN: Good day. I'm Bruce Raben,
19 director of investment banking at Jeffers &
20 Company in Los Angeles. Since our last
21 appearance in Gary long-term interest rates have
22 gone up 6/10 of one percent. The stock market
23 has gone down 6 percent. Monarch's stock has
24 gone up 27 percent. In the new issue bond market
25 casino financing for Harrah's Jazz in New Orleans

1 has been successfully completed, albeit somewhat
2 more expensive than originally anticipated.

3 We believe that Monarch's stock has gone
4 up so strongly primarily because of the
5 successful completion of its expansion in Reno on
6 time, on budget, and also in anticipation of the
7 potential here in Indiana. During its recently
8 completed third quarter revenues in the month of
9 July were up 15 percent, in August 50 percent,
10 and in September 70 percent.

11 One of the nation's top money managers,
12 Ralph Weiner, who runs the Acorn Funds in
13 Chicago, recently picked in USA Today Monarch as
14 his top pick in 1995. We believe that Monarch's
15 credibility in the bank, bond, and equity markets
16 is enhanced, the project is very financeable, and
17 we are ready to proceed immediately. Thank you.

18 MR. BERNSTEIN: Good morning. My name
19 is Bob Bernstein. I'm a vice president with
20 Bankers Trust Company. Since 1992 Bankers Trust
21 has raised over \$3 billion for gaming companies.
22 Since we last met in September Bankers Trust has
23 completed two gaming financings. We raised over
24 \$400 million for Azcor Corporation, and we raised
25 over \$600 million for the Harrah's Jazz project.

1 Both deals included high yield debt in a tough
2 market, and we got them done.

3 Investors will view the Dunes project
4 favorably. The demographics of the area are
5 strong. The Chicago boats are finally doing
6 well. The quality of the proposed project and
7 management, a management that has a proven its
8 ability to develop and profitably operate a
9 gaming facility. We are confident we can raise
10 financing for the project, and we'll be here to
11 get it started. Thank you.

12 MR. SCHULTZ: My name is Ron Schultz. I
13 am president of the Abon Marche Group with
14 principal offices in Indiana and Michigan. We
15 specialize in the design and development of
16 marine and harbor projects in the Great Lakes,
17 coastal areas of the United States, and
18 internationally. We have analyzed the existing
19 plan for the bay and found a solution which can
20 be permanently built in time for the May arrival
21 of the boat.

22 Existing plans received numerous
23 objections, mainly from Lehigh and Marble Head
24 Corporations, due to the impact of their
25 operations. As you can see on the chart, the

1 proposed breakwaters greatly interfere with their
2 operation and add many new problems like crowding
3 of the harbor. Specific objections from them
4 include safety in navigation and interference
5 with their operations.

6 Other objections from special interest
7 groups like the Army Corps of Engineers are that
8 we could take the Great Lakes bottom lands
9 through construction of breakwaters and
10 construction impacts particularly during spawning
11 periods in April and May.

12 The final issue of this plan is that no
13 construction can occur until a permit is issued.
14 Construction timing is going to take
15 approximately four to six months or longer.
16 Couple that with the proper permit process of at
17 least four months if a permit's ever issued, and
18 that would mean no boat would be in operation for
19 almost a year.

20 Our solution to this problem is
21 construction of a protected inland basin and
22 storm gate. This plan is construction free and
23 obstruction free in the harbor and has virtually
24 no impact to all the environmental issues
25 previously raised. When a storm occurs we simply

1 close the gate and are sealed off and guarded
2 from the Great Lakes. This will assure passenger
3 comfort and safety no matter what is happening in
4 Lake Michigan.

5 Again, the specific issues of this plan
6 are: Waves, we have no impact to them; bottom
7 lands, we're not taking any of the public's
8 bottom lands through breakwaters; navigation and
9 safety, there's no impact; winter construction is
10 not a problem; construction during the spawning
11 season has no impact; Lehigh and Marble Head
12 operations are not impacted; the Monarch boat can
13 operate in the existing harbor with Coast Guard
14 certifications.

15 In summary, the schedule of this project
16 and the beauty of it also allows the construction
17 to occur even while permits are being received by
18 the Corps. We have done that on several projects
19 and received Corps endorsement. Ninety percent
20 of the work, therefore, can be completed while
21 permits are being received. Due to the virtual
22 impact-free issues of this project permits can be
23 issued in two to three months so the construction
24 can be completed in time for the May arrival of
25 the boat.

1 We have verified and received
2 committments for these schedules from Lakeman
3 Engineering and Harvey Construction, two of the
4 Great Lakes' largest marine contractors, and they
5 have confirmed their schedules.

6 MR. WILDAY: I'd like to go back to the
7 hearings we had on April 31st in Gary when we
8 were asked by Jack Thar to respond to the
9 question Should the Commission seek to team us up
10 with somebody other than the preferred applicant
11 who is Gary's choice could we work with them and
12 how would that effect our project. Our design
13 efforts have been aimed largely at that question
14 to try to come up with those answers and respond
15 to the Commission on that matter.

16 As you remember, we proposed a
17 destination resort at Emerald Bay that envisioned
18 rooms which was the promise of economic
19 development and the equivalent of rooms which was
20 our indoor theme park with the tournament bowling
21 capacity to create tourism beyond the rooms that
22 we were envisioning. The room component was 300
23 high rise rooms plus 500 rooms on the beach if
24 you remember.

25 When Jack Thar asked me, and the

1 Commission, Could we work with someone else and
2 what would our project look like I didn't know
3 what to say because we hadn't seen the other
4 projects proposed yet so I didn't know how well
5 our vision for Emerald Bay would mesh with either
6 the Lakeside proposal or the Trump proposal. So
7 our diligent work and our design work continuing
8 in that effort was to that end.

9 We looked at the Lakeside proposal for
10 Sportopia, and we put it on a plan to see how it
11 would look, and largely it didn't affect the
12 overall site plan that we had proposed together
13 with our co-applicant from Gary. We envisioned
14 the connection to this anchor at East Chicago and
15 recognized the fact that the critical mass we
16 could create at Emerald Bay would envision a
17 shuttle system of some sort down to the beach to
18 try to tie these two properties together and
19 create a situation that could compete with the
20 potential for dockside gaming maybe in Chicago,
21 also the recently announced Native American
22 proposal further down this way.

23 So from our standpoint the fact that we
24 have three boats here offers an equivalent to the
25 dockside alternative because if a patron of ours

1 comes and approaches the parking lot and then as
2 they get to the boat and the gate comes up and
3 they say you have to wait three hours for the
4 next boat, if we can have three boats tied
5 together here and a shuttle system that goes down
6 to the beach to link them all together we have
7 the advantage of being able to always get on a
8 boat.

9 So our evaluation of the Lakeside
10 proposal, without getting into what the tourism
11 potential is as far as Sportopia, we envisioned
12 it taking the place of what President's proposal
13 was to create the factory outlet malls, the
14 entertainment, and the theaters in this area.
15 Our parking would still remain here. Our
16 destination resort would still remain out here on
17 the point, and we would anchor this end of the
18 harbor, this Emerald Bay destination resort.

19 When we got to the Trump proposal that
20 was brought forward, for the first time another
21 applicant was basically singing off the same
22 sheet of music we were. They were talking about
23 rooms and in addition to that the equivalent of
24 rooms in terms entertainment. So we, responding
25 to Mr. Thar's request, envisioned how we could

1 work with the Trump organization to accommodate
2 their plan, and we came up with this.

3 They had proposed to build 300 rooms
4 plus another 300 in the center. What that did to
5 potential for the destination resort of Emerald
6 Bay was it left our resort anchoring this end,
7 the East Chicago resort anchoring this end, and
8 added a new destination resort in the middle.
9 When I got back to my office and I was looking at
10 all these proposals I had seen that the East
11 Chicago breakwater envisioned this big, long kind
12 of snake at that end, and then the Trump proposal
13 had to build a separate breakwater here, and we
14 had all the breakwaters built in the harbor for
15 the President's proposal.

16 And when you string all these
17 breakwaters together they add up to a breakwater
18 of that length. So if we all joined hands here
19 in the vision of a grand destination resort in
20 Emerald Bay possibly we could create an inland
21 harbor where the boats could cruise. This harbor
22 would be basically conceived to be one depth, and
23 in the event -- or in terms of passenger safety
24 and passenger comfort even if a torpedo hit one
25 of the boats and sunk it nobody would get their

1 feet wet. It wouldn't go anywhere.

2 So the promise of tourism as a means to
3 economic development was enhanced I felt by the
4 inclusion of this proposal with ours. And to
5 answer the other part of Mr. Thar's question, we
6 know we can work with President's Group. We've
7 been working with them for over a year on this
8 project, and with the grand scheme that we
9 presented here for a destination resort that we
10 brought with models and tapes and renderings last
11 time reflects that.

12 I feel very confident that should be we
13 be teamed up with Lakeside the project would look
14 very similar to that. In the event that we're
15 teamed up with Trump, which is the third part of
16 your question, we feel that we can work with
17 their organization. We've spent quite a bit of
18 time with them discussing the possibility of
19 this. Thank you.

20 Oh, I had one more sketch of this. I
21 might as well put it up. I sort of painted a
22 picture of it and said this is what Emerald Bay
23 could look like. There were underwater lights,
24 and we defined the cruise route. We went ahead
25 and rendered out the Trump proposal, ours

1 anchoring this end of the harbor, and Show Boat
2 at this end.

3 We feel that in the event that you
4 picked up the Monarch proposal from here you
5 wouldn't have an anchor at this end of the
6 harbor. I think we're necessary to this. We
7 know that this is a given and that we're here,
8 and whoever we get teamed up with we feel very
9 confident that we can work with them. Thank
10 you.

11 MR. RACHLES: I'm Allan Rachles with
12 Crowe Chizek, an accounting and consulting firm
13 in Indianapolis. After the hearings in Gary our
14 client, Peter Wilday, asked our staff to sit down
15 and do some numbers indicating what the five year
16 economic impact would be if we were teamed up
17 with other partners and showing some numbers
18 teamed up with our co-designated City of Gary,
19 Barden/President.

20 So we took all the numbers that were
21 filed with the Commission, and in order to make
22 sure that we were comparing apples and apples we
23 took the multipliers that we used, which is the
24 RIMS II model which I believe SPEA has also used,
25 and to refresh your memory at the end of August,

1 which seems like a long time ago, we came up with
2 our first year impact and five year impact.

3 Our one year impact, the first year we
4 had an economic impact of \$219 million in our
5 project, and our five year impact was
6 823,000,000. In the interest of trying to manage
7 our time well if anybody has any questions about
8 what these numbers make up or any of the numbers
9 we would be more than glad to do that in the Q
10 and A.

11 Taking only the numbers that were
12 submitted to you and using our multipliers and so
13 forth, as you see on the chart, the team up of
14 Monarch's numbers and Trump, which is the largest
15 number to five years, is 1,589,000,000; Monarch
16 and Barden/President together is 1,447,000,000;
17 Trump and Barden/President together is
18 1,389,000,000; Monarch and Lakeside,
19 1,412,000,000; Trump and Lakeside, 1,353,000,000;
20 Barden and Lakeside 1,212,000,000.

21 We would be glad to discuss these
22 numbers with you later, but I think you visually
23 are able to see what the five year impact was if
24 we work together as an anchor in this project
25 with any one of the partners that you might

1 designate that we work with.

2 MR. BROWN: Thank you, Allan. For an
3 additional endorsement of the two city-endorsed
4 candidates it's my privilege to represent Roy
5 Pratt, president of the County Council of the
6 City of Gary.

7 MR. PRATT: Thank you. Mr. Chairman,
8 Commissioners, and other officials, on Tuesday of
9 this week the Gary City Council in an open
10 meeting voted seven yes, two abstentions that I
11 come and give a position in terms of the City
12 Council. As president of the Gary County
13 Council, and I will do that in this statement,
14 and in the form of the city administration I have
15 been authorized to come before you today to make
16 an appeal.

17 After considering the commitment made by
18 Monarch Casinos & Resorts, Incorporated to have a
19 seaworthy vessel operative in Gary by May 26,
20 1995, the Council and I ask that you grant them
21 one of the two licenses which the City of Gary is
22 entitled to by law.

23 As you know, Gary, Indiana, is
24 desperately in need of economic development. We
25 have struggled and somehow survived the

1 continuous erosion of the economic base over a
2 period of years. Even now that erosion
3 continues. Our K-Mart store is the latest
4 business entity to join the long exodus from Gary
5 to a neighboring county.

6 Because we are subject to a special law
7 drawn up several years ago we are the only second
8 class city in the state that cannot extend its
9 boundries by annexing unincorporated areas. We
10 find ourselves disrespected by firms that still
11 maintain their headquarters in Gary. Several of
12 them have disassociated themselves with us by
13 dropping the name Gary from their corporate name
14 and adopting more generic names. I cite these as
15 some of the reasons we appeal to you today to act
16 favorably on our wishes for licensing of the two
17 prospective gaming boats.

18 We feel, therefore, that Monarch is the
19 firm best suited to give us the immediate help
20 that we need. Monarch's targeted opening date is
21 particularly amenable to us and significant in
22 our efforts to meet our pressing needs, and so we
23 ask that you grant them one of the first
24 licenses.

25 In accord with our city administration

1 the Council wishes to go on record in support of
2 granting the second license to Barden/President
3 Riverboat Casinos. Please respect our wishes. I
4 feel the economic development of Gary bodes well
5 for the entire northwest Indiana region as well
6 as for the state of Indiana. I thank you for
7 listening to this appeal, and I pray that you
8 will rightly and astutely be directed in your
9 deliberation and your decision making. Thank
10 you, Mr. Chairman.

11 MR. BROWN: Thank you, President Pratt.
12 As we all try to teach our children both in terms
13 of learning sports and in terms of making
14 difficult everyday life decisions, it's important
15 to keep your eye on the ball. We think the ball
16 in this setting is the mission that the act
17 imposes upon all of us. The mission is the
18 creation of economic development over a wide
19 geographic area through tourism.

20 As we were reminded by numerous
21 legislators appearing before this body in August,
22 the driving force behind the passage of the act
23 was the rejuvenation and restoration of hope to
24 Gary. We all know that Gary definitely needs the
25 maximum employment, economic, and revenue

1 development possible under the act.

2 Monarch has proven, we believe, beyond
3 any reasonable doubt that it presents the
4 Commission with the best opportunity to
5 accomplish the Commission's mission. Monarch has
6 demonstrated that it will begin operations by
7 Memorial Day 1995. In support of that commitment
8 it is prepared to guarantee this Commission if
9 it's not in operation, if its boat hasn't been
10 delivered by that time, it will pay a \$1 million
11 per month penalty for every month thereafter that
12 it's not delivered except obviously for
13 circumstances entirely beyond their control.

14 Its operations are not dependent upon a
15 Corps permit for problematic harbor
16 improvements. Its vessel is the largest among
17 all the applicants' vessels. It will provide the
18 following additional incentives to the City of
19 Gary: \$10 million for the renovation of City
20 Hall annex, the greater of three percent of gross
21 gaming revenues or 15 percent of their profits.
22 It has the financing required to perform its
23 obligations, and it has the track record of doing
24 so. It has made appropriate contingency plans
25 for passenger comfort in the harbor no matter

1 what the process ends up being.

2 It has committed 7.5 percent of its
3 ownership to the Gary Renaissance Foundation with
4 a present value, we believe, of \$7 million, 7.5
5 percent of its ownership interest to individual
6 Gary residents, and another 2.5 percent to other
7 Indiana owners for a total of 17.5 percent of its
8 ownership interest staying right here in Indiana
9 of which approximately 86 percent stays right in
10 Gary, Indiana.

11 Monarch will produce a world class
12 destination resort with world class economic
13 employment development. Its project will stand
14 the test of time despite competitive challenges
15 from Chicago and Native American gaming. This
16 Commission, the people of Indiana, and, perhaps
17 most importantly, the good people of Gary can
18 take Monarch's promises to the bank. We will not
19 let you down. I give you now the co-chairman of
20 Monarch, John Farahi.

21 MR. JOHN FARAHI: Good morning, Mr.
22 Chairman and members of the Commission. I would
23 like to report to you, as we indicated earlier,
24 that we have completed our Reno expansion on time
25 and budget. Now all of our company resources are

1 going to be focused on Gary. Unlike all other
2 applicants we are not in any other state
3 operating or competing for new casino licenses.
4 Emerald Bay would be our only project, and our
5 commitment is to keep our promise here in
6 Indiana.

7 We will deliver this project as we have
8 envisioned on time and on budget. This grand
9 vision of Emerald Bay as a destination resort
10 will become the pride of northern Indiana and
11 will keep the promise of economic revitalization
12 through tourism.

13 We would like to thank the City of Gary,
14 and we would like to thank Mr. Jack Thar and his
15 staff, and if we are fortunate to get one of the
16 licenses we are ready to move and get the job
17 done. Thank you.

18 MR. BROWN: Thank you very much.

19 MR. KLINEMAN: Thank you. We have
20 concluded the presentation by Dunes. We are now
21 scheduled for a 15 minute break. We'll
22 reassemble at 11:30 at which time we'll hear
23 Lakeside Resorts and Trump Hotels & Casinos.

24 (At this time a short break in the
25 proceedings was had.)

1 MR. KLINEMAN: We will come back to
2 order. We're ready for the presentation from
3 Lakeside Resorts. According to my faithful watch
4 it's now 11:32 so they'll be recognized for their
5 30 minutes.

6 MR. SMITH: Good morning, Mr. Chairman,
7 Ms. Bochnowski, gentlemen, Mr. Thar and staff.
8 I'm Don Smith, attorney for Lakeside, and I had
9 the pleasure to address you in Gary when we made
10 our presentations. Now, I'm not going to
11 reintroduce all of the Lakeside team. They're
12 here today, but time doesn't permit. All the
13 experts in their particular fields, our
14 engineers, our harbor people, architects, they're
15 all here to answer any questions that you have.

16 And I was reminded by Mr. Hanlon a
17 couple of times that the fact that you gave us 30
18 minutes doesn't mean that we have to use it, and
19 I sort of took that as a gentle hint. I would
20 presume that your emphasis would be on the
21 question and answer period today. Therefore, I'm
22 going to try not to be redundant about the things
23 I told you in Gary.

24 There's some things that I'd like to
25 stress and some things that I'd like to bring

1 out, and I'll be as brief as possible. I'll be
2 followed by Mr. Dave Hanlon, Mr. Phil Kenny, and
3 Mr. Steve Meyers, and I will assure you they'll
4 be as brief as possible too so you can get on
5 with your deliberations.

6 Now, the last three months and nine days
7 have been like an eternity for all of us -- I'm
8 sure for you folks too -- because we've
9 agonized. We've agonized over the Supreme Court
10 case, the advent of Indian gaming, what's going
11 to happen to the site at Buffington. Although we
12 have agonized we have not despaired, we have not
13 lost our enthusiasm for this project or our
14 desire to get one of these licenses. And I think
15 that we've used this last three months and nine
16 days in a constructive fashion. I'd like to tell
17 you what we've done.

18 Let's call it three months and nine days
19 of constructive agony that I think that we've
20 had. We've kept our offices open in Gary. As
21 you know, we have conducted the job fair up
22 there. We've had an office up there for many
23 months. We've kept the office open. We have
24 continued to take job applications and continued
25 to do what we thought best for the community of

1 Gary, and to date we have 1,700 job
2 applications. People are still coming into our
3 offices in Gary to apply for these jobs.

4 We have continued to survey the
5 community in order to better address the needs of
6 the people of Gary. I don't see this process and
7 what we intend to do up there as static. It will
8 change from time to time as conditions change so
9 we've tried to keep our hand on the pulse of the
10 people of Gary and their needs.

11 We have continued our engineering and
12 construction studies. We have talked to the
13 railroad. We have talked to Lehigh Portland.
14 Our marine engineers continue to take a look at
15 the problems up there. I'm not going to go into
16 details because I presume that if you want to
17 know those things you will ask our experts later
18 today. So we didn't stop with the advent of the
19 Supreme Court case. We went right on, and we've
20 had considerable expense as well as the other
21 applicants in so doing.

22 Now, we've continued our market
23 surveys. For us to ignore the fact that there
24 was federal legislation concerning Indian gaming
25 if they come, and northern Indiana state

1 prohibits that so we've taken that consideration,
2 and we have, and we are still enthusiastic and
3 desire to have this license so that's part of our
4 market survey.

5 We have further planned for advertising
6 and media coverage to begin immediately if you
7 give us the license to promote this project and
8 get it before the public and get people to know
9 that we're going to be there and that we will
10 come.

11 We have procured all of the necessary
12 bids to retrofit our vessel. We have seven bids
13 from seven major shipyards, and it's just a
14 question now of us making a selection and going
15 to contract with those people. We have addressed
16 the land issue in Buffington, and I will come to
17 that in just a minute and tell you what we have
18 done and why we did it.

19 And we have finalized our choice as to
20 our selection of the person to be our CEO, to
21 have the day-to-day hands-on operation of our
22 facility and gaming operation in Gary. Now, as I
23 said, it was three months and nine days of
24 constructive agony. We've gotten some things
25 done. Let me touch on some of these matters that

1 were referred to in Mr. Thar's letter. There are
2 some things I'd like to address.

3 Our David Hanlon has recently been
4 appointed president of International Gaming
5 Technologies. There was a press announcement,
6 and I presume Mr. Thar's told you that. I'll
7 call it IGT. IGT is the largest company of its
8 kind in the world. They manufacture, sell, and
9 finance gaming equipment, slot machines, and they
10 operate what is called the progressive slot
11 system for casinos throughout the world. They do
12 that internationally as well as nationally.

13 IGT recognizes the role of David Hanlon
14 in the Lakeside project. They not only recognize
15 his role, they approve of his role, and they have
16 corresponded with Mr. Thar and told Mr. Thar
17 essentially what I am telling you, and I would
18 presume you've seen the letter and Mr. Thar's so
19 informed you. David's here this morning to talk
20 to you about these matters and about his
21 involvement and to answer any questions you may
22 have.

23 I'll tell you what the good news is.
24 Dave becoming president of IGT we don't think --
25 the old proverb we've lost a daughter, we think

1 we've gained a son-in-law, although with three
2 daughters and three son-in-laws they all eat too
3 much. But we do feel that Dave's going with IGT
4 and becoming president there and staying on board
5 with us is a plus and an asset for Lakeside
6 because of the relationship that we will have
7 with them.

8 Now, in this regard David and the
9 Kennys, who, as you know, have a lot of gaming
10 experience and are involved in the Casino Queen
11 and U.S. Gaming, drew up a list of who we would
12 want on board to have the day-to-day operation of
13 this facility. And I can tell you now that we've
14 conducted in-depth interviews, we have narrowed a
15 choice, and we have somebody who is superbly
16 qualified in this industry and whose integrity
17 will speak for itself.

18 I can't reveal that at this time as to
19 who that person is, and I talked to Jack about
20 this. This individual is presently a CEO of a
21 major casino and hotel operation. It would not
22 be fair to float his name in the event we did not
23 get the support. But if we are granted the award
24 you will be made that fact known to you in a
25 timely fashion.

1 So let me speak about the Buffington
2 site for just a minute if I may. It's there.
3 The problem's there, and it hasn't gone away, and
4 it has to be addressed. Dave Hanlon and I have
5 both been in touch with Portland Lehigh's
6 headquarters in Allentown, Pennsylvania. I
7 happen to represent a major corporation in the
8 dock industry, and we've done business with
9 Portland Lehigh for years. We know the people.

10 And Portland Lehigh stated their
11 position, which I think makes a lot of sense, as
12 follows: Prior to the Supreme Court decision
13 they said Mr. Smith, this may be moot so we don't
14 want to address any of these issues until after
15 the Supreme Court's ruled if we're going to have
16 gaming or not. Number two, how can we negotiate
17 on this land until the two applicants are given
18 the go ahead, until we know who your applicants
19 are, who are going to get the licenses.

20 And they sat down with us and showed us
21 what they proposed to build and where they
22 propose to build it. We didn't know what, if
23 any, interference that creates with our
24 operation, and, as you know, they're going to
25 retain part of their operation up there. That is

1 when we can have meaningful negotiations.

2 Now, I don't want the City of Gary to
3 misinterpret the reason that David and I made
4 those calls. We're not intermingling in their
5 business. We're not being officious and trying
6 to circumvent the city. We're not doing that at
7 all. But we did want to know their position.

8 I feel, as one of the prior speakers
9 said he felt, that once you have made the two
10 awards and the two nominees that you award these
11 licenses to sit down with the city here and get
12 back with Portland Lehigh I think the thing will
13 move much faster. It's not a simple thing, but
14 we do think it will move a lot quicker once that
15 has been done.

16 I have spoken to the attorneys for two
17 of the applicants, and we've agreed that this is
18 a must, once you have made your final two
19 selections that the two selectees would sit down
20 and start this process immediately. But, now, by
21 keeping our offices open in Gary we have incurred
22 considerable expense, but we think that the
23 incursion of that expense has been worthwhile.
24 It's been worth every penny of it.

25 We believe that Lakeside's acceptance in

1 Gary is very good, and I don't want to start
2 comparing this to the people, but I think we have
3 total acceptance of Lakeside in Gary because
4 we've had community outreach. We've talked to
5 people in the grass roots due in large part to
6 the good work of Mr. Will Smith, Mr. Lloyd
7 McClendon and his youth program.

8 And, by the way, you saw the video of
9 Lloyd during the Gary presentation. He could not
10 be there at that time, but the baseball strike
11 still continues, and he's here this morning.
12 Lloyd, would you stand up, please (Indicating).
13 Thank you. We're very proud of what Lloyd is
14 doing with the youth programs in Gary, spending
15 his money and the commitment that we've made to
16 Lloyd and this program.

17 Now, I heard the theory expressed one
18 time way back, do people stay in this thing just
19 to protect what they've already spent. Don't
20 make that mistake about us. We're not here to
21 protect an expense. We are here with a positive
22 desire to have this license, and we are here out
23 of an enthusiasm for this project. You know,
24 let's face it, we all know what's being said,
25 that we're the conservative group. Well, perhaps

1 we are.

2 Do you want to deal with illusions, or
3 do you want to deal with realities? We'll talk
4 about the numbers, the revenue, what have you.
5 Is it the numbers that are floated to you, or is
6 it performance, performance, performance,
7 performance? Regardless of what somebody comes
8 to you with are they going to perform, and if
9 they perform properly and adequately and they've
10 done their homework will this thing be a winner?

11 You're about to take on a partner.
12 You're about to take on two partners, and I would
13 have to say that you have to have some cogent
14 reason to choose Lakeside. Why, all four of
15 these applicants here this morning have gaming
16 experience, and they have attractive proposals.
17 What I have to tell you is by no means to
18 diminish what they have to say for their
19 proposals. But I do think that we are most
20 qualified, and I will tell you why I think we're
21 most qualified.

22 And this statement now, it's careful how
23 I construct it because I think this touches the
24 heart of the issue. We are the best and most
25 qualified for this license for this area at this

1 time. And I'm going to repeat that. I don't
2 mean to do an injustice to modesty. I believe
3 that to be true. We are the best qualified for
4 this license in this area at this time.

5 Let me tell you why I stress the Gary
6 factor as well as the county factor, primarily
7 because of our two principal capital partners,
8 U.S. Cable. And, of course, you've looked at all
9 the documents. You've heard them speak. You
10 know who they are. You know what their financial
11 resources are. They've been in northwest Indiana
12 and the Lake County/Gary area for 15 years. They
13 have millions of dollars invested in that area.
14 Right now they have 130 employees up there.

15 We have an established reputation in
16 northwest Indiana. Steve Meyers is not going to
17 permit us to get involved in any operation that
18 will diminish the reputation of U.S. Cable as to
19 either integrity, ethics, or sound business
20 judgment. We are there. That's what I mean
21 about this area at this time. Senior management
22 of U.S. Cable, two out of the three top
23 executives are Hoosiers, grew up here, went to
24 school here, so we think that that relates to the
25 area.

1 And then how about Kenny Construction,
2 our other capital partner, principal offices in
3 Chicago. Now, you talk about a hands-on
4 situation. They're not from ten million miles
5 away. Kenny Construction has done millions of
6 dollars in construction projects in Indiana and
7 especially northwest Indiana. They built the Sky
8 Way. They have gaming experience.

9 And then as to the Buffington site Kenny
10 Construction held out for that Buffington site at
11 the outset of this process when everybody else
12 was yelling USX. Kenny Construction has done
13 construction projects on Lake Michigan. They
14 know what it's all about, and they know that
15 Buffington Harbor site inside and out. They have
16 done their homework quite some time ago.

17 Now, in terms of area, which was a part
18 of the statement I made, U.S. Cable and the
19 affiliates that they have that Steve Meyers will
20 tell you about it in a minute, gives us immediate
21 coverage. The Kenny sports radio station Chicago
22 gives us immediate media coverage for that area
23 to promote this project, and if we promote it for
24 us we're going to promote it for the other
25 successful applicant.

1 You know, whoever the two people are
2 that get this site, they have to work together in
3 all respects, and what one of us does good is
4 obviously going to wear off on to the other, and
5 we don't mind that. The whole project has to be
6 a success. You can't have one failure up there
7 and one success. It won't work that way.

8 Now, I said best for this area at this
9 time. Let's talk about time. Time has always
10 been of the essence for this project, hasn't it,
11 because this legislation, as I understand it, was
12 enacted in order to create economic benefit and
13 do something for these deprived communities. We
14 now have had another delay, and I know you've
15 agonized over it as we have. There's been three
16 months elapsed since Gary, and nobody's had the
17 opportunity to do anything about getting the boat
18 in the water so time is even more critical.

19 Now, how can we help you produce time,
20 and how can we help you produce revenue? We're
21 the only applicant with a major construction
22 company who has done hundreds of millions of
23 dollars worth of construction, and that
24 construction company is a capital partner. We
25 don't have to go to the marketplace to hire a

1 contractor, to negotiate the contract. Kenny
2 Construction is ready to go. They know the
3 site. They have the resources to do this.

4 They know people in northwest Indiana on
5 a first name basis, subcontractors, material men,
6 and we discussed this yesterday. What if Kenny
7 had to go to New York or Los Angeles or someplace
8 to do a project? There would be a lot of
9 homework you'd have to do before you start
10 talking to subcontractors, material men. You'd
11 want to know who you're dealing with.

12 I'm telling you this: In terms of time
13 we are ready to go. We are ready to get
14 construction under way. Other factors as to
15 time, not only do we know the site and know what
16 has to be done, we are prepared to work with any
17 other applicant that comes in, give them the
18 benefit of our knowledge and our studies.

19 Now, another thing about the time
20 factor, Kenny Construction did the East St. Louis
21 project, the Casino Queen. Many of the problems
22 that are going to be encountered on this site in
23 Buffington they've already encountered in St.
24 Louis. They've got a leg up on the experience
25 factor so I think that comes back to time. When

1 will we get this done? We have that unique
2 advantage. I don't think it's our only
3 advantage, but it's a big one.

4 Now, we are ready, as I said, to sit
5 down and work with another applicant, but, you
6 know, let's say we work with the city and another
7 applicant when the licenses are awarded to get
8 this done. A major decision has to be made.
9 It's not a case where a contractor is calling the
10 owner or the capital partner and saying What do
11 you think we ought to do.

12 Kenny Construction is a capital partner,
13 second largest capital partner in this venture.
14 They can make those decisions on the spot. They
15 have the capability to do that, and they have the
16 authority to do that, and that is a time factor.
17 So I submit to you one more time, I'll tell you
18 the statement, we are the best and the most
19 qualified for this license in this area at this
20 time.

21 Now, as to time, when will we have a
22 boat in the water, and when will it be
23 operational? The things that we discuss among
24 ourselves in trying to talk about time, critical
25 path of construction, operational factors, and

1 the resolutions that we come up in determining
2 the use for our own plan and finances are the
3 same things that we tell you. We don't tell you
4 dreamland stories knowing that something else
5 happens to be the fact. I guess that's why we
6 got the label as being most conservative, but
7 we'd like to surprise you and us both in terms of
8 what we tell you.

9 Now, I've got all these press releases,
10 people are going to have their boat in the water
11 on this date, this date, and this date. People
12 are going to give you a million dollars a month
13 penalty if they don't. Let me tell you about
14 penalties. We get involved in this process we're
15 going to spend a lot of money, and we're prepared
16 to go forward and start this from day one after
17 you award the license. If we lose millions of
18 dollars a month in revenue because we're not in
19 the water in operation that is the worst penalty
20 in the world that can be laid on us, and it will
21 be self-imposed if we're not diligent.

22 So we're not going to offer you a
23 million dollars a month if we're not in the water
24 by a particular date, but we know internally what
25 that penalty will be, and we're the ones that

1 have to pay it. And if we're not in the water
2 and we don't produce revenue the penalty we're
3 going to pay for not producing revenue is not
4 recoverable by us. We will never get it back.
5 So, yes, we'll be diligent.

6 Now, you're up there thinking He's
7 hedged all around when will they get their boat
8 in the water. I'll give you my best
9 guesstimate. We think, all things being equal,
10 we can be in there up and ready and running
11 middle August, maybe Labor Day. We won't have a
12 boat there in May. I'm sorry if you turn us down
13 on that factor, but you better study that because
14 we have. We can be operational then all things
15 being equal. Now, if being truthful with you
16 hurts us, well, we'll just have to play that
17 way.

18 Now, if you recall we told you about the
19 project called Sportopia. Mr. Brian Hall is here
20 with us this morning, and he's not going to make
21 a presentation. Time won't permit it, but he'll
22 be here for the question and answer period after
23 that. I'm happy to report, if you'll recall, his
24 first project was in Branson, Missouri. His
25 financing is in place. That's been

1 accomplished. I don't know, I think Mr. Hensley
2 questioned the state of that financing. It's in
3 place. He has correspondence to that effect, and
4 he will be happy to tell you about that this
5 morning.

6 Let me tell you something that pleases
7 me about Sportopia. We project that that
8 situation will bring about a million visitors a
9 year. We haven't cranked any of the revenue for
10 that thing in terms of who of those million
11 visitors on that site will gamble, but there will
12 be a tremendous revenue factor there.

13 And I want to tell you the thing that
14 makes me most happy, and we've discussed this
15 recently. We have pinned it down. It is a
16 fact. Sportopia will employ over 400 people, and
17 we can employ 16 year old kids to work on that
18 project. Now, what's that going to do for Gary
19 and the youth of Gary in conjunction with what
20 Lloyd McClendon's going to do, and what does it
21 do for them in the summertime?

22 We can put a lot of kids in gainful
23 employment and a healthy environment, not around
24 the gaming operation. And there aren't really
25 many areas, as I understand from Will Smith and

1 the other people I've talked to, to do something
2 for the youth as well as the older people. So I
3 have to tell you we'll have good work conditions,
4 and we expect teenagers in there and to keep them
5 gainfully employed.

6 I would like to make one other point.
7 We are privately owned. Kenny Construction,
8 their group is a private company. So is U.S.
9 Cable. We are not subject to market
10 fluctuations. We are not subject to outside
11 market influences, and I can tell you this: I
12 know what resources they have. If they did not
13 feel that they had the resources financially to
14 do this project they wouldn't get involved.
15 They're sound businessmen. That's how they
16 became successful.

17 One other point I'd like to make is that
18 in terms of gaming expertise I don't want to draw
19 comparisons between what's it like to operate a
20 boat as opposed to a land base, not necessary,
21 but I'll say this: In terms of expertise, now,
22 the Casino Queen, which is a major asset of our
23 capital partner, Kenny Construction, is one of
24 the most lucrative, efficient, and successful
25 operations in the gaming boat business. So now

1 the Kennys bring that expertise to you, and we
2 told you that last time. I don't want to keep
3 telling you the same thing.

4 I want to remind you of one more thing,
5 and it's something that came to mind when I heard
6 Don Barden speak. Most of the principals in this
7 Lakeside process have been involved in either
8 trying to get gaming in Gary or do something
9 about gaming in Gary since December the 10th of
10 1988. Tomorrow that will be six years for that
11 experience in Gary, Bob Sulliard, the Kennys,
12 Dave Hanlon.

13 Now, do we desire that license? I think
14 six years in an effort to get this done shows
15 that we have staying power, and I'll tell you
16 what that means too. Good, bad, success, rough
17 times, you will have these Indiana partners see
18 this thing through, and we'll be there at the end
19 of the day like I told you the last time because
20 we're here to stay.

21 Now, Don said that he was one of 13
22 children. Don, I'm the youngest of ten. Your
23 old man had more staying power than mine, and the
24 thing about being the youngest of ten they were
25 all bigger than me, and I turned out to be the

1 ugliest one of them. I have an older brother
2 that has a farm down in Rushville, and he wasn't
3 necessarily pro-gaming. And he's been watching
4 my conduct for six years, and he said I'm going
5 to tell you something, boy, if you get one of
6 those licenses up in Gary you better run a good,
7 clean operation. And I promised him we would,
8 and I make that same promise to you, all right.
9 Thank you.

10 MR. KLINEMAN: David, we're running out
11 of time.

12 MR. HANLON: Yes, I know. I was going
13 to say in the interest of brevity Mr. Smith gave
14 me entire speech. I will say that I was the one
15 who was here in December of '88 and have a
16 long-term involvement in that, and I couldn't tell
17 you that anyone is more pleased than I that the
18 process is coming to an end, and we're excited
19 that Gary will finally be moving forward.

20 My new company, IGT, knew of my
21 long-term involvement, committment, obligation
22 here, and, as Don said, they fully support my
23 completion of the obligation to the extent that I
24 will remain involved, obviously not on a
25 day-to-day basis, but I have worked with my

1 partners to identify someone who I will fully
2 vouch for in terms of technical and managerial,
3 competence, integrity, and commitment to the
4 community. I'll also continue to be involved as
5 a member of the board of the directors in a more
6 active way. So I'm excited where the process is,
7 and we're ready to go forward. Thank you.

8 MR. KENNY: Thank you. My quick
9 comments will be as such: You've heard the
10 history of the Kennys. You've heard of our
11 involvement in the gaming business and in the
12 construction business, but I will leave you with
13 this thought process. When you consider the
14 licenses today think about the integrity. We
15 have been a family in business 65 years. We have
16 built our reputation on building relationships.

17 We've also built a reputation based on
18 performance, and anything that we stand here and
19 tell you that we said today we will build and put
20 up a high quality product that not only we will
21 be proud of but the city of Gary and the state of
22 Indiana and the Gaming Commission.

23 As far as relationships, I can't think
24 of a situation as we've gone throughout the
25 country and built relationships, whether it be

1 with the Indiana Gaming Commission, whether it be
2 with the state of Indiana, the Indiana DOT, the
3 City of Gary, whoever we've been asked to work
4 with we have a good relationship.

5 You can look strictly under gaming
6 experience with the Illinois Gaming Board, and I
7 know you've done that, so I know what the answer
8 was when it came back. And I appreciate your
9 time, and I wish you all the best of luck. You
10 have a difficult decision, and may God bless you
11 on that. Steven.

12 MR. MEYERS: Well, that's the end of my
13 speech with Don carrying on like that. But
14 briefly I'm chairman of U.S. Cable, majority
15 shareholder in U.S. Gaming. The decision you
16 have before you today is making a long-term
17 partner in the decision of two applicants. U.S.
18 Cable is partnered with over 150 communities,
19 cities and communities, the majority of which are
20 in the greater Chicago, northwest Indiana, Gary
21 area.

22 These are 15 year commitments that these
23 communities elected to make with our company.
24 Two-thirds of those commitments have expired and
25 been renewed very successfully. There's never

1 been any litigation to get any of those renewed,
2 and, as I said, they've been successfully
3 renewed. The third that have not been renewed
4 are not due for renewal. That's what we believe
5 demonstrates a good partnership, the fact that we
6 can operate for 15 years and be successfully
7 renewed without exception.

8 We have a major presence here in
9 northwest Indiana particularly with the distinct
10 advantage of being part of TCI, who is the
11 largest cable company in the country. Between
12 U.S. Cable and TCI we service the majority of the
13 subscribers in the greater Chicago area. The
14 subscribers we don't service, we know those
15 people real well. We know what's involved with
16 interconnection and marketing strategies and how
17 to get the message out as it relates to promoting
18 this gaming operation. We think this gives us a
19 distinct advantage in that regard.

20 Just briefly on financial projections,
21 we've been accused in some respects of being a
22 bit conservative. We believe financial
23 projections of performance should represent
24 minimum numbers and at a minimum should be
25 achieved or hopefully bettered. Your lenders

1 rely on these, they depend on these, you
2 negotiate your covenants off of these.

3 As we all know Murphy's law, in many of
4 these major situations you're going to have
5 changes in circumstances. You're going to have
6 variances in what you projected. That's why
7 they're called projections. And you better be
8 cautious in the initial set of numbers that you
9 base your lending criteria on.

10 So it's for that reason -- and we're
11 prepared. We have a boat that based upon the
12 revenue numbers that we're giving you is at about
13 50 percent capacity. If the other 50 percent
14 comes God bless. We're there to service and
15 double the revenues to the extent that the people
16 show up.

17 In closing, we respectfully submit that
18 Lakeside's imminently qualified for one of the
19 licenses. The basis for this decision can only
20 be based on our track record, where we've been,
21 and you've researched that thoroughly, and that
22 should give you some confidence where you're
23 going to select us. Thank you.

24 MR. SMITH: Do I have any more time?

25 MR. KLINEMAN: It's pretty well expired

1 now.

2 MR. SMITH: I might get fired for taking
3 more than the allocated time. All I want to say
4 is I thank you for the way you've treated us, and
5 we do believe that you're going to be fair about
6 this, and this thing will be resolved. We
7 appreciate your attention.

8 MR. KLINEMAN: Thank you. I guess we're
9 ready for Trump Hotels & Casino Resorts, Inc. Do
10 you need any time to set anything up, or are you
11 all ready to go?

12 MR. TABBERT: We are going to set
13 something up, but in the interest of time we can
14 do both. Mr. Chairman, members of the
15 Commission, Jack Thar, like many others this
16 organization has gained much admiration and
17 respect for all that you have been doing, and we
18 mean that quite sincerely. We know a lot has
19 been said already. But what we have seen from
20 the staff and from the members of the Commission
21 has been unparalleled discipline, dedication, and
22 devotion to your duties, and it goes far beyond
23 what I think anybody contemplated when this
24 Commission was established.

25 Today is your first major time for a

1 decision, and it's extremely important. It's far
2 more important, ladies and gentlemen, than what
3 we all say here. It's what it means for the
4 citizens of the city of Gary, those who are not
5 here but those who are depending right now on
6 what you do here. They have waited, they have
7 worked, they have waited some more. Years have
8 gone by. Their patience over the years has
9 become one of frustration and then back to
10 patience again.

11 A source has been provided by the
12 legislature to help those people in Gary. They
13 tried to help themselves, but it's quite clear
14 from what's been said here that they have reached
15 out to say Come to our assistance, Give us help.
16 And that imposes upon all of us and this process
17 and all of you an important, very, very
18 important, decision to be discharged today.

19 You're going to be making decisions all
20 over the state of Indiana in the next two years
21 as to how to benefit the people of various
22 locations. But today the decision is not just to
23 benefit the people of Gary. It is to correct an
24 urgent situation that continues to be presented
25 day after day, article after article, and the

1 opportunity is there.

2 The Trump organization can meet that
3 need. It can meet it right now without any
4 question. It's based upon what they have already
5 done, what can be proven and established without
6 any question. No promises need to be made with
7 regard to the benefits to the City of Gary when
8 it comes to the Trump organization. The record
9 that has been established at the altitude that
10 the Trump organization has functioned discharges
11 any doubt that Trump can meet the need, and this
12 Commission can rely upon that.

13 I said to you in Gary, and I don't mind
14 repeating it, that, in fact, whatever challenges
15 may come up the Trump organization can beat it,
16 whether it comes from Chicago or whether it comes
17 from Michigan, and that is an important factor.
18 If you think ahead two or three years or four
19 years and you say to yourselves Will we be able
20 to look with satisfaction upon what is happening
21 in Gary, the Trump organization will give you the
22 fortitude to be able to say they will get the job
23 done. They're a proven developer.

24 There need be no promises made. All the
25 of the facts have been presented to you. What is

1 directly needed in Gary is the history of a
2 developer that's A-1, and Trump has that, no
3 apologies, no embellishments. It's been done.

4 Number two, we're looking toward an
5 organization that can develop large, significant
6 casinos, not the possibility of casinos, but
7 large casinos that are profitable and can be
8 established, and Trump has done that. We're
9 looking for someone, I submit to you based on the
10 most recent developments, who is a fierce
11 competitor, an organization that will be able to
12 handle any situation that comes from Chicago or
13 comes from Michigan.

14 There is a commitment that has to be
15 made. When you put all the rhetoric aside, all
16 the promises aside, the real question is whether
17 or not this organization can withstand whatever
18 might come to challenge the economic productivity
19 in the Gary area. It's that simple, and that man
20 and that organization can do it, and no apologies
21 need be offered.

22 Fourthly, an organization who has the
23 vision and the intelligence to work with a fellow
24 developer to put together an outstanding finished
25 product. There is no question that the way it is

1 set up there must be two working together as
2 one. They've done it before. They can do it
3 again. I think what has come forth in the last
4 several months that identifies and separates this
5 project is that Gary is unique. You must be able
6 to work together. You must be able to achieve
7 results, and that's why I feel extremely proud to
8 be able to represent Donald Trump because of what
9 has happened in the past and what he can do and
10 accomplish.

11 When Gary says to all of you and to all
12 of us Will this be the time that we will come
13 forward? Will this be the time that there will
14 be a selection for which we will not, in fact, be
15 disappointed or crushed? The answer as to one of
16 these two licensees is the Trump organization.
17 Trump will succeed. You can write it down. It
18 will not be impeached. Trump will get it done.
19 There will be no contradiction of that. Donald
20 Trump and his organization will not let the
21 people of Gary down. Mr. Chairman, members, we
22 will not let everyone of you down either.

23 I would like to introduce, or
24 reintroduce as the case may be, the people that
25 have participated in the Trump project. I will

1 ask each of them to stand. There will just be
2 three of us, in fact, that will be making a
3 specific submission during this session. First
4 of all, our chairman, Donald J. Trump. Will you
5 stand up? The chief executive officer of Trump
6 Hotels & Casino Resorts, Nick Ribis. The
7 executive vice president of operations, Trump's
8 Castle Casino Resort and the individual who has
9 worked in the Gary area who has spearheaded the
10 Trump effort in Gary these past several months
11 and years, Pat Dennehy.

12 The executive director of hotel
13 operation, Trump's Castle Casino Resort, Joe
14 Polisano. You remember Joe participating up in
15 Gary also. The project development, Trump's
16 Castle Casino Resort, Ken Ciancimino. He's been
17 instrumental in our efforts. Tom O'Connor,
18 partner in Sykes, O'Connor, Salerno & Hazevah.
19 Tom put the drawing up, and Tom has been
20 instrumental. My partner, Greg Hahn, and my
21 associate Julie Pottenger. Willie Harris, local
22 counsel in Gary, Indiana.

23 I'm happy to turn over the podium at
24 this time to the man who has really spearheaded
25 this effort for the Trump organization in Gary,

1 Mr. Pat Dennehy. Pat.

2 MR. DENNEHY: Thank you, Don. Good
3 afternoon. I am pleased to have the opportunity
4 to review again for you the Trump organization's
5 proposal for the development of a first class
6 gaming and entertainment facility for Gary,
7 Indiana. We are anxious to participate in the
8 redevelopment of Gary and to deliver employment
9 and business opportunities to its residents. We
10 envision for Gary and Indiana an unmatched
11 destination resort drawing customers nationwide.
12 Gary will become a must-see attraction when the
13 Trump Marina Resort opens.

14 I'd like to take a few moments to review
15 the most salient points of our presentation. We
16 have created our development plan for the
17 Buffington Harbor site as requested by the City
18 of Gary. When selected as one of the licensees
19 we will meet with city officials in order to
20 participate in the acquisition process for the
21 site and to create an agreement that is mutually
22 beneficial to Trump, the city, and the other
23 selected developer.

24 Our review of the other projects
25 presented by our competitors has revealed many

1 interesting concepts. If selected for a license
2 we are anxious to meet with the city and the
3 other developer to jointly design the ultimate
4 gaming destination, one that incorporates the
5 most valuable points of each project and one that
6 will survive competitive pressures from emerging
7 jurisdictions.

8 Our proposed development at Buffington
9 will be in two stages. The temporary operation
10 will consist of site entry and circulation
11 improvements, parking for 2,500 automobiles plus
12 parking and shuttle service, a 50,000 square foot
13 full service pavilion containing a ticketing and
14 reservation counter, an entertainment lounge, a
15 full service food operation, and casino support
16 operations.

17 Our temporary boat is the Glow Mark
18 Conception which is 400 feet by 65 feet, and it
19 will contain 34,000 square feet of gaming space.
20 Within this gaming space we'll include 1,100 slot
21 machines and approximately 74 table games.

22 The permanent operation will consist of
23 the following elements: Current access
24 improvements including reconfiguration of the
25 Cline Avenue off-ramp, construction of a new road

1 from Cline Avenue to the new development, and
2 relocation of the Cline Avenue on ramp to an area
3 north of the site.

4 Numerous improvements will be required
5 at the site including road widening, a new
6 railroad underpass, and overall site improvements
7 and landscaping, a permanent self-parking
8 facility for 3,000 automobiles with related
9 shuttle service and valet service along with a
10 motor coach transportation center.

11 The permanent dockside facility will be
12 the hub of the hotel, parking facility,
13 restaurant, and riverboat point of entry. It
14 will be capable of ticketing and entertaining
15 4,500 people, and a glass-enclosed walkway will
16 take patrons from the main floor cuing area to
17 the boat.

18 The plan, as envisioned, calls for the
19 construction of a sea wall. The riverboat will
20 cruise behind the sea wall in order to provide
21 maximum protection for our patrons and the boat.
22 We anticipate conducting limited gaming
23 excursions in conforming with Indiana's gaming
24 statutes.

25 Trump's proposed hotel is currently

1 designed as a 300 room facility but has a
2 potential to expand by another 300 rooms.
3 Certain levels will offer suite type
4 accommodations as well as standard guest rooms.
5 The facility will house three restaurants, a
6 specialty room, a coffee shop, and a buffet.
7 There will also be approximately 25,000 square
8 feet of meeting space that can be broken into a
9 variety of configurations or be utilized as a
10 ballroom capable of accommodating concerts,
11 boxing, headlining entertainers, or theater type
12 events.

13 The permanent boat will be the Trump
14 Princess, 340 feet by 76 feet. It will contain
15 46,000 square feet of gaming space and will have
16 1,500 slot machines and approximately 100 table
17 games. The anticipated construction time line
18 for the temporary facility is six months. This
19 expedited time frame is designed to adhere to
20 both the city's and Trump's desire to be open as
21 quickly as possible while delivering a quality
22 gaming venue.

23 This opening, however, is contingent on
24 the resolution of the Buffington Harbor ownership
25 issue, the remediation of potential site issues,

1 and ultimately, for those of us who remember the
2 first two months of this year, cooperation from
3 the weather. Accordingly, we will remain fully
4 flexible in our planning and construction.

5 An important benefit of the Trump Marina
6 Resort is derived from the financial
7 consideration which will be paid to the city and
8 state through tax revenue and incentive plans.
9 I'd like to outline those for you now. The state
10 share provided by a 15 percent gaming tax and \$2
11 admission tax amounts to 21.8 million in year one
12 and rises to 33.4 million in year five.

13 We are prepared to launch a
14 comprehensive effort towards the redevelopment of
15 Gary. The initial phase of this effort will be
16 the construction of six police substations at
17 various locations throughout the city. Whether
18 it be through new construction or restoration of
19 existing buildings Trump is prepared to commit \$3
20 million to this project.

21 In addition to the six police
22 substations, Trump is prepared to commit
23 additional funds to the City of Gary in an amount
24 equal to one percent of the gross gaming
25 receipts. These funds can be used at the city's

1 discretion in any endeavor which will assist the
2 city in providing for the safety and security of
3 its citizens.

4 Trump has also agreed to pay the city an
5 additional incentive payment of the adjusted
6 gross gaming receipts over and above what the
7 Indiana gaming statute requires. The sum is
8 estimated to be approximately 2.8 million in year
9 one rising to 5.1 million in year five. That
10 makes the total contribution to the City of Gary
11 11.9 million in year one and will rise steadily
12 to 19 million in year five. A summary of these
13 contributions has been provided for you.

14 We estimate 1,185 jobs in year one with
15 total salaries and wages paid of about 27.8
16 million. In year five that number grows to 1,679
17 jobs, and salary and wages should exceed 45
18 million at that point.

19 I'd like to review the investment that
20 we've prepared for this project. The total Trump
21 capital investment at Buffington Harbor is
22 projected to be \$153 million dollars. This
23 investment is broken down as follows: Preopening
24 costs which include salaries, advertising, 14.4
25 million; start-up costs, which would be the

1 construction work including the site work, the
2 temporary facilities, engineering and design
3 fees, 117.6 million; the municipal investment
4 costs, which would be the infrastructure
5 improvements and the police substations, \$21
6 million.

7 I'd like to take a minute to talk about
8 Chicago. The prospect of casino gaming in the
9 city of Chicago is very real and grows daily as
10 we hear more and more about potential legislative
11 changes to the Illinois gaming laws. The Trump
12 organization faces tough competition everyday in
13 Atlantic City where nine other major operators
14 operate within a few square miles. We meet this
15 competition head on and have achieved unmatched
16 success in this difficult environment.

17 The Chicago gaming market is one that we
18 are ready to face head on and win through the
19 development of a first class facility and the
20 execution of our marketing programs. Through
21 these marketing programs we will retain our
22 customer base despite intense marketing efforts
23 from adjoining states. With Trump Gary will have
24 a casino operator that will maximize every
25 opportunity, bring name recognition second to

1 none, and ultimately provide long-term success in
2 financial benefits to the people of Gary and
3 Indiana.

4 I'd like to take a moment to stress the
5 Trump organization and Mr. Trump's commitment to
6 work with other developers. The background of
7 Nick Ribis, CEO of Trump Hotels & Casino Resorts,
8 exemplifies this organization's ability to work
9 with other casino operators. During 1993 Mr.
10 Ribis was chosen for two very important posts.
11 First, he was selected chairman of the New Jersey
12 Casino Association, an organization of 12 New
13 Jersey casinos.

14 Secondly, Mr. Ribis accepted an
15 appointment from the then New Jersey governor to
16 represent the casino industry on the Casino
17 Reinvestment and Development Board. This is a
18 statewide board which administers the investments
19 of hundreds of millions of dollars of casino
20 redevelopment funds throughout the state of New
21 Jersey.

22 These last two positions mentioned
23 entail a full working relationship between Mr.
24 Trump, Mr. Ribis, the Trump organization, and the
25 other casino operators in the city. In fact, his

1 selection as chairman of the Casino Association
2 was by representatives of the other casinos as
3 the one executive to lead them as a cohesive
4 organization. There's no better endorsement than
5 that of a selection by your peers.

6 Currently the Trump organization is
7 working with Harrah's Casino on a \$5 million
8 joint effort to develop and beautify the entire
9 marina area where they are both located. This
10 extensive program includes roadway improvements,
11 landscaping, and lighting. It necessitates full
12 cooperation and is moving along smoothly. I
13 think you will agree that it's quite clear that
14 the Trump organization has and will continue to
15 work effectively with other developers.

16 Now I'd like to bring back Don Tabbert
17 who will address a few more issues specific to
18 the Trump organization. Thank you.

19 MR. TABBERT: We sat back and we looked
20 at the Trump presentation to see what someone
21 else might think that in any way might present a
22 problem. We didn't see any from the standpoint
23 of economic stability, but there were three
24 things, and Pat just talked about one of the
25 three. Can Trump, in fact, work with the other

1 developer? Probably because of his
2 aggressiveness and what he's accomplished that
3 question has risen out here someplace.

4 There is no doubt about it. These
5 people are A-1, top notch, solid people. They
6 know exactly what to do, and the point we want to
7 emphasize, the philosophy of Gary has permeated
8 the Trump organization. It has come to recognize
9 that Gary is different. It must be successful or
10 you just can't look yourself in the mirror. And
11 so being able to work with the other developer,
12 you've heard other comments about developers
13 saying they can work with us, we can work with
14 any developer and we will.

15 A second thing is this: We have heard a
16 few comments, Can the Trump organization be
17 regulated? Of course it can be regulated, and of
18 course the Trump organization can work within
19 that regulation. The environment is so similar
20 to Atlantic City, and there is no question about
21 that. They operate three major hotels in that
22 area that cover a span of ten years. It is big
23 business. I mean, there are hundreds and
24 sometimes thousands of decisions that are made in
25 any one year.

1 And if you have checked, and I'm sure
2 you have, it's common knowledge within the gaming
3 industry that that is the most regulated
4 jurisdiction in the United States of America, not
5 Las Vegas but Atlantic City. And it's loaded
6 with integrity. The Atlantic City area is solid
7 on the issue of integrity. They don't just roll
8 over. And Trump has had to work within that type
9 of regulation, and they've done it
10 spectacularly.

11 Remember that, and I think you know
12 this, but it was first issued a license by the
13 New Jersey Casino Control Commission to operate
14 the Trump Plaza in 1984. Ten years ago that
15 began. The second license was granted in 1985
16 for Trump's Castle. The latest license was
17 granted for the Trump Taj Mahal in 1990. That's
18 three major developments with hundreds and
19 thousands of opportunities or examples of being
20 able not to work or to work, and they have been
21 absolutely outstanding.

22 His licenses have always been renewed.
23 There has been no problem whatsoever, and you can
24 talk to any industry insider. To successfully
25 operate even one property in New Jersey takes

1 enormous sophistication, knowledge, and
2 regulatory expertise. Those are not just words.
3 Those are established proven facts. And it's
4 true in the area of regulatory compliance where
5 you make one benign mistake and you can have
6 devastating consequences.

7 These people right here have not made
8 them. They have not been successful. The record
9 speaks for itself. You don't have to make
10 promises. For ten years they've been able to
11 work continually with the full cooperation with
12 state, federal, and local agencies and regulatory
13 bodies, and that's important for you to be able
14 to say Is there going to be a problem, and the
15 answer is there will not be. And now in Indiana
16 you can say to yourself Will there be a problem,
17 no.

18 And let's go to the third and last
19 point, litigation. You've heard a few comments.
20 In Gary we talked about it briefly as to whether
21 or not Don Trump has a proclivity with regard to
22 using the courts extensively. I've looked at
23 that as a lawyer for 35 years and as a former
24 United States District Attorney, and I don't find
25 that support whatsoever.

1 The sheer size and scope of the Trump
2 organization means that hundreds, if not
3 thousands, of business relationships are in
4 place. They're going on right today. Right now
5 they're operating. And to say that he has used
6 the courts more than he should is just not
7 correct. During the normal course of business
8 you're going to have problems, and some are going
9 to end in litigation. But any lawyer knows that,
10 in fact, when you look at it you're not going to
11 find that there was any extensive use whatsoever
12 of the court system.

13 There was discussion up in Gary about
14 the Grand Hyatt Hotel partnership. That's been
15 discussed and been discussed quite specifically,
16 and you heard Don Trump talk to you about it
17 himself. There is no effort on his part to
18 become involved in litigation. There's no need
19 for it, and I absolutely discount it and dispel
20 it. He is not going to and has never utilized
21 the court system for any other purpose other than
22 what is legitimate.

23 Now it's my privilege and pleasure to
24 reintroduce to you for his final thoughts and
25 comments the man that gets this done and will get

1 it done for Gary, Mr. Donald J. Trump. Donald.

2 MR. TRUMP: Thank you very much, Mr.
3 Chairman and members. I greatly appreciate being
4 here. I just wanted to reiterate a few things.
5 I guess as most people have been reading, this
6 has really been the best year of my business
7 life. 1994 has been I would say my best year. A
8 couple of years ago it was a little tricky, but
9 being in the real estate business I think it was
10 not an easy business in 1990 and '91, and we came
11 out of it, and I think we're stronger now than we
12 ever have been.

13 As of the last reporting period we had
14 in excess of \$135 million in cash. Bankers Trust
15 is involved in this transaction and is going to
16 be giving us a serious commitment for the
17 financing.

18 The Taj Mahal -- and I thought I should
19 tell you this -- in Atlantic City, the Trump Taj
20 Mahal, is number one in every category, slots,
21 tables, gross operating profits. It has \$125
22 million dollars, it should be about 125 to 128
23 million dollars, in gross operating profits this
24 year at just one hotel. That's the largest in
25 Atlantic City by far. It's one of the largest in

1 the world, one of the top four in the world I'm
2 told.

3 Trump Castle is the number one
4 percentage increase in all of Atlantic City.
5 Business has increased in Atlantic City, and
6 certainly Trump Castle business has increased
7 far, far more. It's number one in Atlantic City
8 in percentage increase which I'm very proud of.
9 The gross operating profit at Trump Castle, which
10 is a much smaller hotel, will be \$52 million this
11 year. That's up from \$18 million three years
12 ago. Number one.

13 The Trump Plaza will have a gross
14 operating profit of \$62 million, and frankly next
15 year we expect that to go substantially higher.
16 We're under construction this year, and when
17 people talk about building on time and on
18 schedule we're on time and on schedule.

19 But I don't think that anybody in this
20 room, and maybe anybody in the country, has built
21 more quality things than we have. We've built
22 many apartment houses in New York, super luxury,
23 low income, moderate income, all types, built
24 many buildings. And Trump Tower on 5th Avenue
25 and 57th Street next to Tiffany is considered a

1 landmark even before the 20 year designation
2 period, and I'm very proud of it.

3 One of the things that I'm also very
4 proud of, a company that I have tremendous
5 respect for is General Electric. It's probably
6 one of the most progressive, well managed
7 companies in the United States. They just chose
8 us to develop their most important building and
9 probably one of the most important buildings in
10 New York and certainly I would say the most
11 important site in New York right on Central Park
12 at the corners of Central Park West and Central
13 Park South which was formerly known as the Gulf &
14 Western Building which is being demolished. It's
15 now occupied by Paramount Pictures. They're
16 moving out in six months, and we're going to be
17 taking that down and building a 55 story super
18 luxury condominium.

19 What I'm proud of is that General
20 Electric is such a great company, is such a smart
21 company. Eighteen developers were after it.
22 Everybody wanted to be their joint venture
23 partner, and they chose Trump. The reason they
24 chose us, it's not because I'm a nice guy, a bad
25 guy, a good guy, any guy, it's because we get in

1 condominiums, which is a little different than
2 what we're talking about, but basically it's the
3 same thing, it's called bringing business, taking
4 business from Chicago. We get in condominiums
5 \$125 a square foot more than anybody else.

6 This was General Electric doing these
7 studies, working very hard. They hired four or
8 five consultants and brokers in New York. Not
9 only do we get \$125 a foot more, which in a
10 building the size we're talking about is almost a
11 hundred million dollars more than any other
12 developer, we also sell out in about half the
13 time. So when you add those two numbers together
14 General Electric hopefully made the right
15 choice.

16 Perhaps the thing, however, that I am
17 most proud of, I have a great respect for a thing
18 called the Mobile Travel Guide. If you're in
19 business, in the hotel business, the Mobile
20 Travel Guide more or less is the Bible. I
21 believe there are six four-star casino hotels in
22 the United States. Of the six we have three. In
23 Atlantic City there are none others that for
24 three years consecutively have gotten a four-star
25 rating, and a four-star rating is the highest

1 point that the casinos can go. So of the six we
2 have three, and in Atlantic City we have three
3 out of three, and I'm very proud of that.

4 And I think that sort of will tell you
5 what we're striving for here. We're looking to
6 do a super job. We're looking to do a job that
7 is going to shield Gary from the possible
8 onslaught of Chicago and various other
9 territories. I think that when completed we will
10 all sit back, stand back, look at what we did,
11 and we'll all be very proud. I hope so. Thank
12 you very much.

13 MR. KLINEMAN: Thank you. According to
14 our schedule we are to move on now to the City of
15 Gary's presentation. Then we will be taking a
16 break for lunch and coming back and propounding
17 questions to any of the applicants who we wish
18 to.

19 SENATOR ROGERS: Thank you. Good
20 afternoon to you and to the members of the
21 Commission and to our born again developers.
22 Watch myself over that. The Mayor told me to
23 watch myself. Many persons have appeared before
24 you. They have all spoken to Gary's needs, and
25 we are glad that the developers are mindful of

1 Gary's needs.

2 Much of the language in the riverboat
3 legislation really is kind of boilerplate
4 language that you would find in any state that
5 decided to pass a riverboat gaming or casino
6 gaming legislation. However, in our legislation
7 here in Indiana Gary has left its fingerprints,
8 if you will, on this legislation, and I'd like to
9 kind of follow through and talk to you about
10 those fingerprints.

11 One fingerprint is the assurance that
12 economic development would occur in the city, and
13 we very specifically said in the city so that
14 everyone would know that we expect, of course,
15 for these sites where the river boats will be
16 located to be attractive to persons coming in.
17 We also expect the developers to do something as
18 relates to the city itself, and, in fact, the
19 Steering Committee sent each one of the
20 developers a list of the ongoing economic
21 development projects in the city and asked them
22 to take those projects into consideration when
23 they came forward with proposals for the city.

24 Another fingerprint was the need for a
25 hotel, and some explanation as to why the

1 language was written that way, we said a hotel or
2 economic development that would exceed the cost
3 of the hotel. That was put there because we
4 realized that we had two developers, and we
5 didn't want the legislation to appear that we
6 wanted two hotels, but we did see the need for
7 one.

8 And there is a part of that legislation
9 I think maybe some people have failed or
10 neglected to take a look at, and that's that part
11 of the legislation that links the need for a
12 hotel to some other needs in our city. The
13 hotel/motel tax from any hotel that's constructed
14 or any hotel that's reconstructed, those taxes
15 are to be given to the city. Seventy-five
16 percent of that revenue is for public safety, and
17 twenty-five percent of that revenue it for fiscal
18 and economic development in the City of Gary. So
19 through the taxes at the hotel that we need in
20 our city we fully intended to take care of some
21 other needs that the city has.

22 Another footprint that's there is the
23 requirement that the developers adopt policies
24 concerning the preferential hiring of residents
25 of the city. Many times as we went through this

1 process the Atlantic City experience thwarted our
2 efforts to move forward as hastily as we would
3 have wanted, and much of the concern had to do
4 with the people themselves of the city not
5 working in the casinos, and that is why this was
6 put into the legislation, not only for Gary, but
7 it was Gary's effort that made certain that it
8 was there so that we would make certain that the
9 residents of the city would be hired.

10 Casino developers were also asked in the
11 legislation to consider the good faith
12 affirmative action plans to recruit, to train,
13 and to upgrade minorities in all employment
14 classifications. That is, of course, extremely
15 important, and I would hope that any
16 consideration of any of our proposed licensees
17 would have such action plan in place.

18 Those are the footprints that Gary left
19 on the legislation. As we have moved through
20 this process I'm reminded, and we've talked a lot
21 about respect up here today, and I guess I'm
22 reminded of Aretha Franklin's R-e-s-p-e-c-t. We
23 need respect in Gary, respect for those persons
24 who have been at the forefront of this almost
25 movement in terms of how what we decided to do

1 back in 1988 has had an impact on the rest of the
2 state. We certainly need respect of those
3 persons who wish to be corporate citizens and
4 develop that kind of a partnership that would be
5 needed to move the city forward.

6 Hopefully you will take under
7 consideration what the City of Gary has said are
8 its needs, what the state legislature has said
9 are its need, and pick those developers that will
10 best fill the needs of the City of Gary and, of
11 course, for the state of Indiana. Although I
12 must tell you that initially and in moving
13 through this the state of Indiana was not on the
14 cutting edge. The state of Indiana was on the
15 trailing edge of this knife, and while we
16 appreciate the state of Indiana coming forward we
17 certainly would like to begin. You find that
18 funny.

19 While we appreciate the state of Indiana
20 for getting the vision that Gary initially had in
21 coming on board we certainly hope that they will
22 take into consideration the pains and the arrows
23 of the outrageous foes in terms of what we've
24 gone through in Gary. Many thanks to you for --
25 I don't even have to talk about Gary coming

1 first. The Commission has seen to that.

2 I don't think I have to mention the fact
3 that the legislature gave us the advantage of the
4 two boats. I don't have to mention that. I just
5 need to say to you we need those two boats today,
6 but other than that I must congratulate the
7 Commission and the manner in which you've
8 conducted yourself. We certainly appreciate the
9 speedy manner in which you've moved, and we look
10 forward to working with the decision that we know
11 will be rendered in the best interest of our
12 city. Thank you.

13 MR. KLINEMAN: Thank you, Senator
14 Rogers.

15 MR. KING: Good afternoon, Mr. President
16 and other members of the Commission and the
17 staff. By way of introduction my name is Gilbert
18 King, and I'm an attorney, and I'm a general
19 practitioner although in the last couple years
20 I've become sort of an expert in riverboat
21 gaming. I have to say that I made a comment
22 similar to this at the last session, and I have
23 to tell you that nothing much has changed since
24 that. There are still many issues that we are
25 continuing to work on relative to gaming.

1 It's been a long, dark tunnel, but I see
2 some light as evidenced by this meeting here
3 today. I think that we're well on our way after
4 litigation that has basically stalled the
5 progress that we had anticipated with the
6 enactment of the legislation. I know you've
7 heard it before, but I'm going to say it again.
8 The purpose of the riverboat statute is economic
9 development. The statute has been and is silent
10 as far as local participation.

11 We praise the Commission for recognizing
12 that local participation is important, and in
13 your October meeting the passage of a resolution,
14 Resolution 93-10, that basically indicated, and I
15 quote, "Local jurisdiction determination is an
16 important factor in the Commission's evaluation
17 process." With that in mind the City of Gary sat
18 down with a lengthy and, we think, thorough
19 evaluation process which has resulted in two
20 preferred developers, Dunes Resort Casino and
21 Barden/President Casino. I think you know that,
22 and, again, I'm saying it again.

23 Keeping in mind that the final
24 determination of who gets the licenses from the
25 Commission, we urge this Commission to keep and

1 make a condition upon the granting of the license
2 the following priorities and considerations for
3 the City of Gary: Number one, within 30 days of
4 the issuance of a certificate of suitability the
5 successful applicant shall enter into a
6 development agreement with the City of Gary.

7 That development agreement shall include
8 and encompass all the prior letter commitments
9 dated December 30, 1993, the binding agreement
10 that was entered into with our preferred
11 developers dated January 5, 1994, and all the
12 other commitments that have been made to the City
13 of Gary and to this Commission. It's important
14 that these commitments be kept.

15 The second point is local ownership. We
16 sincerely believe that that is a cornerstone, a
17 key component for economic development in the
18 City of Gary. There must be significant local
19 ownership.

20 The third point is that these
21 commitments aren't worth anything or aren't worth
22 much unless we have the parent company back up
23 those signatures to the line. We want that to be
24 a condition. We also want that there be
25 evidence, because we think timing is critical,

1 the boat is critical, that there be evidence that
2 within 30 days of issuance of the certificate of
3 suitability a boat capable of being put in the
4 water be made available within that 90 days of a
5 license or completion of the site improvements.

6 The next category is investments in the
7 project of each developer. We want each
8 developer to provide one half of the funds
9 required for the purchase of the gaming site. Of
10 course, we want each developer to have a gaming
11 boat, and we want each developer to provide half
12 of the funds necessary to modify the harbor. We
13 think modification of the harbor is essential and
14 critical to having a good gaming experience.

15 We want each developer to provide a
16 staging pavilion for each vessel and to cooperate
17 -- cooperation is an important part -- with the
18 other licensees to provide shared facilities.
19 There are some on-shore developments that in the
20 aggregate would include a hotel, a lake front
21 park, a community park, restaurants, night clubs,
22 shops, and other features such as a multi-purpose
23 theater, a retail outlet mall, and a family
24 activity center.

25 In addition, we want each developer to

1 pay one half of the city's prelicensing expenses
2 within 30 days of the issuance of the certificate
3 of suitability including the expenses of the
4 project coordinator, and we want participation by
5 the developers in upgrading of the city's
6 emergency response capability and personnel
7 training as necessary to support the site's
8 emergency plan.

9 This category is called investments in
10 the city. We want the developers to provide at
11 least one landmark off-site project per license
12 valued in the \$10 million range, provide 7.5
13 million in capital support for a new I-65
14 interchange for the Gary marina, a contribution
15 of eight percent of the adjusted gross revenue,
16 community development, create an aggregate of
17 2,500 new and permanent jobs, hire 67 percent
18 employees from within the city and 90 percent
19 from within Lake County, purchase 80 percent of
20 the materials and equipment locally, train new
21 permanent employees at no cost to the city or to
22 the trainees, make 15 percent of the project
23 equity available for investment by Gary and the
24 residents, and other commitments that include a
25 specific schedule for capital investment,

1 commitment to an abandonment penalty, commitment
2 to a penalty for start-up delay. These are the
3 minimum requirements that the city would ask that
4 would be a condition of the award of any
5 license.

6 There are other issues I want to briefly
7 speak to that were alluded to by Senator Rogers.
8 Make no mistake. We want two licenses issued
9 simultaneously for practical reasons and for the
10 reasons that we think that is reflective of the
11 statutory intent.

12 Finally, a brief comment on emergency
13 preparedness. The city is aware that a site
14 emergency response plan must be prepared once the
15 final site development is completed. The city
16 has already begun to work on this issue by
17 reviewing similar emergency response plans of
18 other sites. The city fire department chief is
19 scheduled to meet with Coast Guard officials in
20 the near future to discuss the details of that
21 site plan.

22 I'd like to take this opportunity to
23 thank the Commission, the members of the staff.
24 You have a very important decision to make. You
25 literally hold one of the key economic

1 revitalization components of the City of Gary in
2 your hand. We are confident that you are up to
3 the task, and I thank you.

4 MR. KLINEMAN: Thank you. Welcome,
5 Mayor Barnes.

6 MAYOR BARNES: Thank you very much, Mr.
7 Chairman, and good afternoon to you all as well.
8 I would like to express my appreciation to this
9 body here. It looks like I'm doing the same
10 thing Ron did just a little bit worse. That
11 happens sometimes. I had a cold the first time I
12 ran for Mayor. I was going to this meeting down
13 in the basement of this church and got right
14 outside, and my voice totally went out. I hope
15 that that does not happen to me right now.

16 This is a -- speaking of running for
17 mayor, I will be ending my last year as mayor
18 this year, and I certainly recognize, as I'm sure
19 many do, that the process and initiative that
20 we've been involved in and you will make some
21 very critical decisions on today and tomorrow
22 clearly represent perhaps one of the most
23 significant, if not the most significant,
24 development of the near eight years that I have
25 been in office.

1 So we have a lot of appreciation to give
2 to a lot of people and certainly to you and the
3 staff, to the developers who have been involved
4 in the process, to the total team of supporters
5 that have worked with us throughout, and above
6 all to the citizens of Gary, Indiana.

7 All of Gary's challenges to renewal are
8 far from having been met, and when you finish
9 this decision, you make this decision, they still
10 won't be met. We still have substantial
11 challenges to meet. But thanks to the decisions
12 that already have been made, some of the choices
13 that have been made, I think that the
14 perseverance of Gary's citizens is beginning,
15 just beginning, to pay off.

16 In 1988 the decision that was alluded to
17 by Senator Rogers to look into this issue and to
18 explore it and perhaps even to pursue it, a
19 decision that was made in my office with Senator
20 Rogers and two other individuals, one who is now
21 deceased, was, one, to consider riverboat gaming
22 -- or not riverboat gaming but casino gaming at
23 that time on site, land site gaming, as a job
24 creation, a revenue producing, and an
25 infrastructure enhancing tool.

1 And for nearly five years in spite of
2 many, many rebuffs we chose not to quit, and
3 finally in 1993 when the gambling legislation was
4 enacted we chose to establish a process of
5 community inclusion and reception of all of those
6 who expressed an interest in being involved and
7 to bypass package deals which in some cases
8 hinted possibly at great personal advantage but
9 might compromise our integrity and our
10 trusteeship.

11 There are many tough decisions and
12 choices that have been made over the course of
13 this initiative. We chose to establish minimum
14 investment levels, and in spite of criticisms we
15 stuck to our guns. And even those who rejected
16 Gary's request initially have rethought the
17 rightness and advantage of involvement with us at
18 the levels that we established for this
19 initiative.

20 And through our process with the
21 information we sought out or was made available
22 we made our choices of two preferred developers
23 and a third developer to assist us in pursuing a
24 third license. Throughout this process we've
25 recognized that sensitive ownership, capable,

1 proven ownership, would be as important as all of
2 the promises that possibly could be made and that
3 we would miss one of the greatest opportunities
4 that we would ever have if we failed to assure
5 that minimum Gary involvement at every level from
6 floor sweeper to ownership was established, and
7 we've stuck to that requirement.

8 Mr. Chairman and members of this
9 Commission, we have been willing to make tough
10 choices because this initiative is important to
11 Gary. It is significant to Gary. It is valuable
12 to Gary's future. It's important to the state as
13 well. But it is just one of the building blocks
14 for our future.

15 At the same time that we have pursued
16 gaming we have given equal and sometimes greater
17 attention to our corridor development initiative
18 and our airport development zone, and those
19 choices are also slowly paying off. At this very
20 moment from 2nd and Broadway to 53rd Avenue curbs
21 and sidewalks, demolition activity, a minimall,
22 Sears rehabilitation, a pocket park, a 100 acre
23 area in the heart of Gary's midtown are exciting
24 Gary citizens with the long-awaited proof of the
25 promise of renewal of our city, from the airport

1 development zone to Lake Street and Millen, Oak
2 Mill housing, Hermanio housing, and historic
3 Ambassador Apartments for low income, moderate
4 income, and fixed income senior citizens, renewal
5 that is under way right this moment, not
6 promises, bricks and mortar and dust, not
7 tomorrow, now.

8 But each is just a building block, part
9 of Gary's planned renewal, and not perfect
10 plans. The trees we planted, the \$300,000 pocket
11 park at 5th and Broadway, the \$18 million sewer
12 project in Black Oak, riverboat gaming, all are
13 building blocks, and all must give respect to the
14 umbrella Gary, Indiana, not the reverse. None of
15 these building blocks is greater than our city,
16 the city that they are helping and playing an
17 important part and can play an important part in
18 helping us to reveal.

19 And I understand that knowledgeable,
20 experienced, professional developers and their
21 consultants have invested months and hundreds of
22 thousands of dollars in pursuit of this Gary
23 initiative, and we respect them, and we are
24 pleased about that.

25 But the citizens of Gary and this

1 administration and Council and the administration
2 of my predecessors have invested untold man hours
3 and years and millions of dollars and the
4 heartbreak and long suffering of our citizens in
5 the rebuilding of our city, a city devastated by
6 the collapse of our major industry. Many have
7 contributed to the slow, painful recovery of
8 Gary, recovery that we're making right now, but
9 none have contributed more than the city and its
10 citizens.

11 I thought about whether I would tell
12 this story about this lady that I've told so many
13 times in schools that I've visited, and I decided
14 that I would. This lady with a husband and some
15 children, a lot of children, decided to get a
16 job. She wanted to help put some clothing on her
17 children's back and more food on the table, and
18 so finally after searching around she found a job
19 in the local grocery store.

20 She worked into her second week, and the
21 boss came to her and told her Louise, you're
22 really doing an outstanding job, I'm really proud
23 of you, but if you're going to continue to work
24 here you have to put your hand on the scale. And
25 what he was saying was that if she wanted to

1 continue to put food on her table, to put clothes
2 on the backs of her children she would have to
3 take the food off the table of her neighbors and
4 the clothes off her neighbors' children's backs.

5 And Louise did not return even to pick
6 up pay for the second week of work. There was
7 something bigger than the money, more valuable
8 than the coats for her children and more valuable
9 even than the food for her family's table. It
10 was integrity and trust.

11 And, Mr. Chairman and members of this
12 Commission, throughout this process we too have
13 done all in our power to warrant the trust of
14 citizens, of this Commission, the state, and all
15 we have dealt with. We have made choices as to
16 minimal expectations based on what we believe
17 represent the best interests of our citizens and
18 we think respect the rights of developers and the
19 state certainly. And we believe we are in a
20 position, a good position, to know.

21 We ask that you assure that the chosen
22 developers can meet and are committed to meeting
23 those minimal requirements represented to you and
24 represented to us and respectful of the vision
25 and plan for Gary. We made many, many choices.

1 Some have been good, some not as good, but we
2 have made all of them, we believe, for the right
3 reasons.

4 And I have often wondered through my
5 life would I be mayor of one of the greatest
6 cities in this nation had my mother made a
7 decision to put her hand on the scale for her
8 eleven children. She made a decision for the
9 right reasons, and we think her decision paid
10 off. Thank you.

11 MR. KLINEMAN: Thank you, Mayor. We're
12 now scheduled for a lunch break. It was
13 originally scheduled for an hour and 15 minutes.
14 Is there any consensus to make it an hour and a
15 half, or should we hold to a hour and 15? The
16 consensus is an hour and 15. We will reconvene
17 at about 2:20.

18 (At this time the noon recess was taken,
19 after which the following proceedings were had:)

20 MR. KLINEMAN: Let's come back to
21 order. At this time the Commission and Mr. Thar
22 will be propounding questions to the applicants
23 to try to clear up any questions that we might
24 have, any misunderstandings that have come out of
25 the result of the hearings in Gary and the

1 presentations here this morning.

2 We would also for the purposes of our
3 record when a question is asked it might well be
4 asked to a group, and who will respond we don't
5 know, but whoever you want to have respond can
6 respond, but for the purpose of our record if the
7 responder would state his name so that we can
8 make the record complete as to who was, in fact,
9 answering the question. So with that caveat
10 we'll move forward. We'll start with whichever
11 Commissioner would like to propound a question,
12 and it could be either to one of the applicants
13 or to the City.

14 MR. SUNDWICK: I'd like to ask the city,
15 I think, Mr. King, you had a list of requirements
16 that you spoke of earlier.

17 MR. KING: Yes.

18 MR. SUNDWICK: Was that list of
19 requirements requirements that were, in fact,
20 part of the packages that were represented
21 earlier in Gary?

22 MR. KING: That list is an accumulation
23 of letter commitments that had been committed to
24 by the developers in addition to binding
25 development agreements that have been executed by

1 the preferred developers and commitments made to
2 this Commission as well as to the City of Gary.

3 MR. SUNDWICK: I'm just trying to get an
4 understanding.

5 MR. KING: Yes.

6 MR. SUNDWICK: So everything on the list
7 that you've asked for all these applicants are
8 well aware of? This is something that is not a
9 problem for them that you --

10 MR. KING: I think they're aware of
11 those commitments and those requests. They are
12 aware of it.

13 DR. ROSS: Has everyone signed the
14 agreements, all four of the groups?

15 MR. KING: They have not, no.

16 MR. SUNDWICK: So you're asking us to
17 make that list part of the agreement?

18 MR. KING: Exactly.

19 MR. HENSLEY: Could I expound on that
20 just a second. I'd like to ask the Trump
21 organization and Lakeside -- I think you're the
22 two that did not sign an agreement with the city
23 -- how your incentive package differs from what
24 the city has requested. Could you help us with
25 that?

1 MR. DENNEHY: We haven't seen --

2 MR. KLINEMAN: Could you state your
3 name.

4 MR. DENNEHY: My name's Patrick Dennehy,
5 Trump organization.

6 MR. KLINEMAN: Could you state your
7 name.

8 MR. DENNEHY: Patrick Dennehy of the
9 Trump organization. We had not heard of these
10 conditions in total until Attorney King got up.
11 Therefore, we haven't had an opportunity to see
12 which parts of it pertain to our -- we think
13 probably a preliminary discussion between us
14 probably should put it to rest of what was
15 presented that pertains to our presentation.

16 MR. HENSLEY: Would Lakeside like to
17 respond also, please.

18 MR. MEYERS: Steven Meyers for
19 Lakeside. This is the first time we've seen
20 those conditions as well. Some of these have
21 been bandied about, and we've heard of that being
22 requested of the other applicants, the two
23 endorsed applicants, and our response would be we
24 would sit down with the city, the State Gaming
25 Commission, to negotiate those out in good faith

1 as we would any other business deal.

2 MR. SUNDWICK: Mr. Barden, these
3 conditions, they're not new to you at all?

4 MR. BARDEN: Don Barden,
5 Barden/President. Mr. Commissioner, on May 13,
6 1994, the city sent to the Gaming Commission
7 budget commitments in a package that I think was
8 requested by Mr. Thar of those recommended
9 developers, and most of what Mr. King alluded to
10 was included in our proposal. And with that
11 joint development project commitment in order to
12 proceed with the development of the joint site
13 plan, the complications with the Army Corps,
14 etc., the city sent a cover letter.

15 These items, most of which Mr. King
16 mentioned, I don't recall every single item, but
17 most of them appear to be in that package that
18 was sent to the Gaming Commission, and it is
19 consistent with what we signed with the city in
20 December and the January 6th agreement with the
21 city and, more importantly, with our application
22 to the Gaming Commission. We have been
23 consistent all the way, and those items mostly
24 were included.

25 MR. SUNDWICK: At the hearings in Gary

1 were all those disclosed in your presentation?

2 MR. BARDEN: Yes.

3 MR. SUNDWICK: So, in fact, if I said
4 that these are a part of your presentation there
5 is nothing on that list that wasn't part of your
6 original presentation?

7 MR. BARDEN: I don't recall every item,
8 but most of what I recall was on our original
9 presentation, included in our proposals from day
10 one, from January 6th through the public hearing
11 in Gary all the way through. We have been
12 consistent. We have not changed. That is part
13 of our \$116 million commitment.

14 MR. HENSLEY: One of the problems I
15 guess that some of us are running into is that
16 there were different incentives in each one of
17 these proposals. Some of them included things
18 that were not in your proposal, for example, but
19 they all carried dollar values so to impose all
20 of the restrictions or the complete list that was
21 presented this morning without looking at those
22 additional incentives that someone else may have
23 put in their package leaves us at a situation
24 where it's very, very difficult to make that kind
25 of choice or decision. So we're sort of looking

1 at it from the standpoint of what those
2 incentives were to the city that was presented to
3 us at the Gary meetings because we have those, in
4 fact.

5 MR. SUNDWICK: Would it be fair to say
6 -- and any one of the applicants can jump up and
7 answer this. Would it be fair to say that on the
8 granting of a license that the city requirements
9 -- I don't want to say exactly what the
10 proposals were, but I think the common ground, I
11 think one of the gentlemen just mentioned that we
12 can make an agreement with somebody, saying if
13 we're a little bit off here and a little bit off
14 there we can get together on this.

15 MR. TRUMP: Yes, sir.

16 MR. MEYERS: Yes, I think those items
17 can be negotiated. All the packages are
18 different to a certain extent, and I do think,
19 Mr. Commissioner, if everyone commits to what
20 they committed to at the hearing in Gary then
21 whatever two you select can mesh those together
22 and make a workable project that would satisfy
23 the city's requests.

24 MR. SUNDWICK: So we'd have the city and
25 two applicants would all be in concert with each

1 other, and we can be assured of that?

2 MR. MEYERS: Yes. And I think that's
3 what the city is asking for is that whatever was
4 committed to at these hearings that you are
5 required to live up to that.

6 MR. SUNDWICK: Is that what the city's
7 asking?

8 MR. KING: That's what the city's asking
9 for.

10 DR. ROSS: Lakeside, you said in the
11 sports arena that teenage kids would be working?

12 MR. SMITH: Yes, sir, at Sportopia and
13 we can employ 16 year olds because the Sportopia
14 part of that complex is not a gaming -- this is
15 Don Smith -- is not a gaming complex. Sportopia
16 is an entertainment complex. But we can employ
17 in excess of 400 people, and 16 year olds can
18 work.

19 MS. BOCHNOWSKI: I have a question for
20 the city. If the developers each pay 50 percent
21 of the cost of the harbor and 50 percent of the
22 cost of developing the harbor who then owns the
23 harbor or the property, the land that is on the
24 lake? Who owns the land?

25 MAYOR BARNES: We said it's essential

1 that the city own it. There's never been any
2 representation other than that in anything that
3 we've been involved with throughout this
4 process.

5 MS. BOCHNOWSKI: Now, I know at one time
6 there was some question as to whether the
7 developers would be willing to spend 50 percent
8 of what the cost, the numbers being floated
9 around, was. Have you talked to them further?
10 Do you feel that they will? Or maybe the
11 developers themselves can answer to that, whether
12 this can happen.

13 MAYOR BARNES: Well, I'm sure they can
14 respond to it, but I know that in our discussions
15 that has always been the representation, that's
16 always been the approach, and, in fact, some of
17 the additional cost came out of the overall
18 incentive packages that the city was to get. In
19 other words, some things being shipped from one
20 place to another in order to meet some of those
21 expenses in terms of acquisition and what have
22 you.

23 MS. BOCHNOWSKI: Maybe the developers or
24 applicants can respond to that also as to whether
25 that's been worked out.

1 MR. KLINEMAN: Well, before we leave the
2 Mayor I'd like to ask him one question, Ann, and
3 then get back to you.

4 MS. BOCHNOWSKI: Oh, go ahead.

5 MR. KLINEMAN: If the city is going to
6 own the property is it going to ask for something
7 in addition to the incentives that have been
8 talked about here for the land use?

9 MAYOR BARNES: You mean additional
10 dollars?

11 MR. KLINEMAN: Right. Are you going to
12 be charging them something?

13 MAYOR BARNES: You mean a lease
14 package?

15 MR. KLINEMAN: Beg your pardon?

16 MAYOR BARNES: You mean a lease?

17 MR. KLINEMAN: Yes.

18 MAYOR BARNES: We've not discussed any
19 compensation for a lease package. That is not
20 something that's been discussed at any time.

21 MR. KLINEMAN: Okay. Excuse me, Ann.

22 MS. BOCHNOWSKI: That was a good point.
23 Now, I'd like to hear from the applicants.

24 MR. BOB FARAH: My name is Bob Farahi.
25 We have agreed to pay 50 percent of the total

1 cost of the purchase of the property, and what we
2 will do is we will then deed it to the city, and
3 the city will turn around and lease it back to us
4 for a dollar a year.

5 MR. HENSLEY: For how long? A dollar or
6 year for how long?

7 MR. BOB FARAH: I think 99 years.

8 MR. HENSLEY: And what if you have the
9 licensing?

10 MR. BOB FARAH: As long as I may live.

11 MR. HENSLEY: The audience felt that was
12 very humorous. We didn't hear what your answer
13 was.

14 MR. BOB FARAH: I'll be happy if you
15 make it as long as I may live.

16 MR. HENSLEY: Oh, okay. That was
17 funny.

18 MR. BARDEN: I think the concept here is
19 to have the developers, since they're doing the
20 economic development package, acquire and make
21 the improvements, and the city will lease it back
22 on a long-term lease basis, and I think the
23 concept -- there were two numbers kicked around,
24 39 years and 99 years. The latest draft document
25 says 99 years for one dollar a year subject to

1 the continued renewal of the license, and I think
2 that's fair and acceptable to us, and I think all
3 four of the applicants will agree to that
4 concept.

5 MR. DENNEHY: Patrick Dennehy, Trump
6 organization. We also concur that that's the
7 agreement that we thought we would be entering
8 into.

9 MR. MEYERS: Steve Meyers for Lakeside.
10 That would be acceptable where we buy it and
11 lease it back for a buck for 99 years.

12 MS. BOCHNOWSKI: Thank you.

13 MR. SUNDWICK: Let me just ask a
14 question. In 99 years if you didn't have a
15 license for 99 years is it you and the city or
16 the city -- if you didn't retain the license as
17 an organization, you know, you might pick up the
18 whole lease. I mean, if I were you guys I'd have
19 a real lease deal for the next guy who gets the
20 license. Has there been any thought to that
21 by the city?

22 MAYOR BARNES: I'm not sure that I can
23 respond to that. I'm sure everyone else can.
24 There are a lot of little nuances that have to be
25 worked out. We think there are some practices in

1 the trade, if you will, that would allow us to do
2 it. That's one of the reasons that we've also
3 requested that it be essential that within 30
4 days that the chosen developers and the city sit
5 down in good faith bargaining to hammer out a
6 development agreement, and then we can deal with
7 those little items at this particular point.
8 There may be some uncertainty as to how to handle
9 that.

10 MR. SUNDWICK: I'd like to know the
11 answer.

12 MAYOR BARNES: Me too, sir.

13 MR. SUNDWICK: Thanks.

14 MR. VOWELS: My question is if these
15 requested conditions within the 30 days of the
16 certificate being awarded if the applicant who
17 gets a certificate and they enter into this
18 development agreement, or at least negotiations,
19 what happens if you don't have a meeting of the
20 minds? Then what happens? If you don't have a
21 set criteria before the certificate's issued then
22 how is anybody going to be obligated to do this
23 if they sit down with you and they say no?

24 MR. BARDEN: Commissioner, I think 30
25 days may be unrealistic. I think in the original

1 concept the Commission was going to set certain
2 conditions for a period of time certain as part
3 of the conditions on the certificate of
4 suitability, and I think that should be the time
5 frame in which it should be worked out. I don't
6 know if that's a six-month period or a nine-month
7 period or a year, but that should be the time
8 that all the documentation prior to licensing is
9 delivered to the Commission.

10 MR. SUNDWICK: Mr. Thar, what is that
11 time frame?

12 MR. THAR: I didn't understand the time
13 frame to be the way Mr. Barden -- or what Mr.
14 Barden addressed is not what was contemplated for
15 the time frame. The time frame for the
16 certificate of suitability by the rules is six
17 months subject to a renewal, and I believe Mr.
18 Barden is suggesting that the paperwork
19 necessary to accomplish these various things that
20 are being discussed also be allowed to be due at
21 the end of that six-month period.

22 That is a concept I don't know if this
23 Commission's comfortable with because I think
24 some commissioners have expressed to me anyway
25 the desire to see some things happen at a time

1 line shorter than 180 days rather than wait 180
2 days and see that one complete package come in.
3 For instance, maybe the negotiations with the
4 city, if they are to occur, ought to occur and be
5 completed after 60 days, and other things can
6 occur during that 180-day period.

7 So I don't know if that's exactly what
8 Mr. Barden is expressing, but I think this
9 Commission's more comfortable with the concept of
10 during that 180-day period setting different time
11 lines, certain goals within that period that must
12 be met. And if you don't mind I'll just throw
13 that to each of the applicants starting with
14 Barden/President through Dunes, Lakeside, and
15 Trump, let's just go alphabetically, as to can
16 you meet deadlines within that 180-day period if
17 the Commission imposes them as a part of the
18 issuance of the certificate?

19 MR. BARDEN: Yes. We would adhere to
20 that schedule of certain milestones at certain
21 intervals.

22 MR. BOB FARAH: I think it's crucial
23 that for us to enter into the development
24 agreement with the city and the other applicant
25 within a wishful period of time, I'm hoping 30

1 days, no more than 30 days, that we know so that
2 we can start with the work of getting the site
3 ready to receive the boat because in our case
4 when I say May 26th I mean May 26th. I don't
5 want to wait six months to negotiate a lease with
6 the developer and the city and be in a limbo. So
7 from our point of view it's very important to get
8 that time period as short as possible. Thirty
9 days is fine with me.

10 MR. SMITH: Don Smith, Lakeside. Our
11 answer to the specific question, Mr. Thar, is
12 yes.

13 MR. RIBIS: Nicholas Ribis on behalf of
14 Trump. It's just easier this way. Our answer is
15 yes, we would work within the time periods.

16 MR. SUNDWICK: Thirty days wouldn't be a
17 problem?

18 MR. SMITH: Within the six months.

19 DR. ROSS: Well, within the six months
20 two applicants have indicated that they would
21 have boats in the water in six months so they've
22 got to have agreements sometime before six
23 months.

24 MR. THAR: The certificate of
25 suitability is only good for a maximum of six

1 months unless extended by this Commission.
2 There's nothing that says they can't get all the
3 stuff completed and up and running within 35 days
4 if they can do it. It's just six months is the
5 outside limit, not the period of time it has to
6 be.

7 MR. SUNDWICK: Our interest today -- I'm
8 sure you could do it in a six-month period. I'm
9 looking at this cooperation agreement between the
10 city, and if that's going to take six months
11 you've got a problem. I think, sir, you said
12 that we would want to make an agreement within 30
13 days. That's what I'm asking everybody else is
14 if you can do that. I'm assuming you can.

15 MR. BARDEN: I just want to clarify that
16 we can do that.

17 MR. RIBIS: Nick Ribis on behalf of
18 Trump. We would endeavor -- we're a little
19 disadvantaged as is Lakeside, Trump. We haven't
20 been dealing with the city specifically on these
21 issues. Mr. Trump and I would make ourselves
22 available with Mr. Dennehy, our counsel. The
23 problem is that we haven't had the intimate
24 details of what's gone on with the city and the
25 developers.

1 MR. HENSLEY: One of the things, as far
2 as I'm concerned, we would like to issue the
3 certificates of suitability, but we don't want to
4 issue them open-ended so there has to be some
5 pretty fine additions it seems to me that we're
6 looking at. The first set of conditions that
7 we're looking at are based on those things which
8 you have presented to us as incentives that you
9 would have paid to the city and were included in
10 your investment package and so forth. We can
11 look at those, and we can compare those.

12 But the problem that we have here at
13 this particular point is that we don't know how
14 making some kind of blanket statement that there
15 are other incentives, unknown to us perhaps, as
16 compared to your incentive list that must be
17 incorporated into this without knowing what it's
18 going to cost and what's involved and so forth
19 which places us back in the position of this
20 being sort of open-ended and, therefore,
21 unacceptable, as far as I'm concerned.

22 MR. SUNDWICK: I understood that Mr.
23 Barden said that, in fact, everything that they
24 agreed to with the city was basically in their
25 presentation, and I think he also said that --

1 and correct me if I'm wrong because I may not
2 understand then -- that, in fact, everybody
3 listened to all the other presentations, and
4 there wasn't really much in each one of them that
5 the others couldn't accomplish; is that right?

6 So, therefore, in 30 days you ought to
7 find that watermark, and the city already said
8 No, Everybody pretty much understands what our
9 requirements were, and everybody seems to be
10 nodding their head right now. So whatever you
11 said you'd do if we make you accountable for what
12 you said you'd do that should answer all these
13 questions. Everybody's nodding their heads. I
14 did understand.

15 MR. KLINEMAN: Let the record show
16 there's a lot of nodding heads.

17 MR. HENSLEY: Did the city also nod
18 their head?

19 MR. SUNDWICK: Yes, they did.

20 MR. VOWELS: My question goes back to
21 preferred developers negotiating with the city
22 for X to get the endorsement, and what if we give
23 one license to a preferred developer and the
24 other license to someone who wasn't preferred?
25 What's the obligation of the nonpreferred

1 developer to do anything other than what was told
2 to us at the end of August and early September?
3 If the city demands things from them we've
4 already given them the certificate of
5 suitability, and they could say Get lost, We've
6 got it, We never promised anything other than
7 what we said in the hearing.

8 MR. KLINEMAN: I think we would hear
9 that all of the people, whether they've entered
10 into a development agreement with the city or
11 not, are willing to sit down with the city and
12 work on it, and what we probably need to do is
13 have some time limits shorter than the 180 days
14 we're talking about when whoever was chosen would
15 report back to us as to what is agreeable and
16 where they stand in that respect.

17 MR. VOWELS: Then what happens if they
18 don't have an agreement? Do they come back to us
19 and we say we can forge an agreement?

20 MR. KLINEMAN: We don't intend to get
21 into the business of forging agreements. My
22 position would be that the city and the
23 developers, to the extent that they are not
24 already committed to each other, would be
25 reasonable and come together and have an

1 agreement within a specific period of time.

2 I don't think I'm willing at this point
3 to say what would happen if these parties were
4 unable to come to an agreement. We might, even
5 though we want to conclude this matter, we just
6 would like to see it concluded in a very amicable
7 fashion, and we're not going to become enforcers
8 in that respect.

9 MR. VOWELS: I guess if I could ask
10 Lakeside and Trump since they weren't preferred,
11 what would be your incentive to reach an
12 agreement with the city if we gave you the
13 certificate of suitability?

14 MR. SMITH: The pragmatic answer to
15 that, Mr. Vowels -- and I've heard all of this.
16 I don't presume to give legal advice to the
17 Commission because you won't let me send you a
18 bill.

19 MR. VOWELS: You can send it. We won't
20 pay it.

21 MR. SMITH: Our expenses continue to
22 mount. Pragmatically we can't drag our feet. We
23 have spent nearly a hundred thousand dollars.
24 Our expenses mount. Now, some of these things I
25 don't if they've been thought through or not, but

1 why not provide for arbitration? If we have the
2 city and two developers and they can't meet on an
3 issue let's have some claws. We can do that
4 among ourselves without bothering the Commission
5 for arbitration.

6 Next thing is, my understanding in most
7 jurisdictions is that a 99 year lease is
8 tantamount to what we call a fee simple. Now, if
9 you're going to get into the issue of financing
10 and who's going to hold a title at a particular
11 time the financing institutions will tell you
12 what they can or can't do. I'm not trying to
13 complicate the procedure. I see a great deal of
14 work that has to be done between the two
15 applicants and the city. I don't see any reason
16 why it can't be done, and I think everybody wants
17 to get on to it.

18 MR. KLINEMAN: I think the Mayor wanted
19 to respond to some item.

20 MAYOR BARNES: Yes, I think I should.
21 It needs to be clear to the Commission, Mr.
22 Chairman, that on December the 30th, and perhaps
23 a day or two before that, we had extensive hour
24 long -- I mean hours long conferences with every
25 developer that is here perhaps except one, I'm

1 not sure, Lakeside, and that was with Trump, that
2 was with Monarch, and with Barden/President,
3 where we hammered out what our expectations was
4 in letter agreements signed that indicated
5 substantially -- I can't say what the number is,
6 but I would guess 95 percent or more of what
7 we've talked about here was included in that, and
8 if there are any changes they are nuances, but
9 substantially that was hammered out in those
10 letter agreements with everyone here.

11 So I don't want it to appear that
12 suddenly the city has sprung some things that no
13 one knew anything about. Everyone here knew
14 about them. There were some who did not buy into
15 them but then, you know, bought into them later
16 on, and that's fine with us too. But I just
17 wanted to make that clear.

18 MR. KLINEMAN: Then the record is that
19 the two preferred developers did, in fact, agree
20 to 95 percent, is that the ratio that we had of
21 Mr. King's wish list?

22 MAYOR BARNES: On that list -- on the
23 list that we -- on December 30th or thereabouts
24 we had letter agreements from Barden/President,
25 we had a letter agreement from Trump, we had a

1 letter agreement from Monarch. We did not have
2 those agreements, as you know, from Lakeside, but
3 later they did come up to that standard.

4 MR. KLINEMAN: One other quick question
5 of Mr. King. We had some confusion I think about
6 one of the last items on your list was something
7 about eight percent. We didn't understand that
8 particular item at all.

9 MR. KING: Yes. The statute provides
10 for five percent. We negotiated with all the
11 developers an additional three percent for a
12 total of eight percent. That's what that is. I
13 should have explained that.

14 MR. SUNDWICK: And everybody -- I'd like
15 to go back to nodding your heads again. It was a
16 lot easier. Everybody's -- that, Mr. King, is,
17 in fact, what everybody agreed to in their
18 positions in Gary, right?

19 MR. KING: That's correct.

20 MR. SUNDWICK: That's fine.

21 MR. HENSLEY: Mr. King, are you
22 comfortable with those letters that these
23 companies have executed with you?

24 MR. KING: The letters need to be more
25 refined and detailed, but they represent

1 principles of which we are comfortable with, but
2 there needs to be more detail. There are issues --

3 MR. HENSLEY: Are you asking us to do
4 those extra details?

5 MR. KING: No. We've got to do that.

6 MR. HENSLEY: Well, I think what I'm
7 getting at is if you have signed letters of
8 agreement with all of the different applicants
9 for what they have agreed to do with the City of
10 Gary why do we have to complicate the licensing
11 process to expand that?

12 MR. KING: Because of the detail that's
13 necessary. The letter agreements are general
14 principles, components for which we feel
15 comfortable that needs to be a part of the
16 agreement, but some of those, because of their
17 general nature, need to be worked out in detail,
18 and we are asking the Commission that once we
19 work those details out to be a part of it.

20 MR. HENSLEY: Isn't that the basis of
21 your negotiations with these applicants? I'm
22 trying to get around trying to complicate this
23 certificate to the point where we don't know what
24 it is that we're asking the people to do, and
25 that seems to be the situation without being able

1 to go back and compare all these requirements and
2 flesh out the details and so forth. It seems to
3 me that if you have the letter agreement with
4 these applicants and can resolve the situation as
5 far as Lakeside is concerned that that ought to
6 cover what you request.

7 MR. KING: I think we can start with
8 that as a basis. I can agree with you on that.

9 MR. SUNDWICK: We can just put general
10 terminology in this and say you're all going to
11 get together and get this handled?

12 MR. KING: Yes.

13 MR. KLINEMAN: But we're going to put a
14 pretty strict deadline because the one thing that
15 we want to know is where we stand with the
16 granting of the certificates of suitability, and
17 we don't want to be left in the dark. The Mayor
18 has some more.

19 MAYOR BARNES: I didn't want to leave
20 that nebulous, Mr. Chairman and Commissioners.
21 What we simply were asking, and we're not asking
22 the Commission to do the work, we spelled out
23 specifically those items that we felt should be
24 minimum, and we want to -- we're asking that the
25 requirement to enter into development agreements

1 that are consistent with those items that we
2 spelled out, not necessarily that you --

3 MR. KLINEMAN: I think what Mr. Hensley
4 was saying is that if you have agreements that
5 rise to the force of a contract between you and
6 the developer that should be enough. We
7 shouldn't have to condition anything upon any of
8 those items, but if we aren't down to the
9 details, and as they say many times the devil is
10 in the details, if we're not down to that place
11 we want everyone to sit down and in good faith
12 work all that out so you're satisfied that you
13 have a contractual agreement with whatever
14 developer we have, but that's going to have to be
15 done quickly so we know where we are.

16 MAYOR BARNES: I'll agree, Mr.
17 Chairman. And the only other thing I would say
18 is this: The letter agreements, which are about
19 three or four pages, do not spell out the kind of
20 things that a development agreement would require
21 because you're dealing with time tables and
22 things of that type, and if they're not spelled
23 out fully then obviously it could defeat the
24 whole project.

25 MR. KLINEMAN: Anyone else have any

1 topics? I was going to run a short list of
2 things that I have so --

3 MR. SUNDWICK: I would just add one, and
4 this is not a question except a comment. We had
5 asked extensively in the last meetings in Gary
6 that everybody reexamine their ownership of the
7 boats with local participation. I think
8 everybody did a pretty good job with that. I
9 certainly appreciate that. I think it says a lot
10 for the city and yourselves and your commitment
11 to the city and the citizens of Gary so I
12 appreciate that.

13 MS. BOCHNOWSKI: I just had one more
14 question. In particular I was interested in the
15 answer from Trump, but I'd kind of like to just
16 clarify it from everybody. Most -- I think a
17 couple of you have been pretty specific. Is the
18 status of your boat and where that stands -- I
19 know you talked about it last time, and I would
20 just like that clarified.

21 MR. RIBIS: The status of the boat is
22 that we have prepared, as Mr. Dennehy stated, to
23 have the boat prepared and ready to open in six
24 months, and the status is as soon as we know
25 where we are we'll move expeditiously.

1 MS. BOCHNOWSKI: Do you have the boat?

2 MR. RIBIS: Oh, yes, we have the boat,
3 yes. We've gotten a grant for it, and we've
4 spent money for architectural and naval engineers
5 so we're ready to go.

6 MR. KLINEMAN: Ready to go can be
7 quantified somewhat.

8 MR. RIBIS: Yes. We're ready to go
9 today if we're lucky enough to be awarded a
10 working license.

11 MR. KLINEMAN: And you would expect to
12 be open when on a temporary basis?

13 MR. RIBIS: Six months.

14 MR. KLINEMAN: Okay. I thought that was
15 your answer.

16 MR. RIBIS: Yes. I'm sorry. Is that
17 sufficient?

18 MS. BOCHNOWSKI: And you would
19 anticipate that this particular boat, even the
20 initial one, would be able to be certified with
21 all the proper --

22 MR. RIBIS: Yes. Mr. Dennehy has
23 handled all those details, and they tell me that
24 the answer is yes.

25 MS. BOCHNOWSKI: And I guess everybody

1 else can nod. I believe everybody else touched
2 on that, or if you want to --

3 MR. BOB FARAH: Our boat is at Bender
4 Shipyard right now. A lot of work has been done
5 on the boat. As we've told the Commission, we've
6 spent half a million dollars in restoring the
7 boat. Because of all the work that has been done
8 it's going to take about six months to finish
9 it. Had we not done all that work it would
10 probably take about a year to finish it so I have
11 a commitment, and again, as I said before, if
12 it's not here by May 26th we are going to pay a
13 million dollars a month because I know it's going
14 to be here.

15 MR. ELLERS: Ed Ellers for
16 Barden/President. Our boat is 95 percent
17 completed. It's actually certified by the Coast
18 Guard today. It has all the carpets laid. The
19 surveillance equipment is installed. About the
20 only thing left on our boat are some minor
21 modifications for us to be able to operate
22 year-round in Buffington which would be done
23 almost immediately and also putting in the gaming
24 equipment which we own. It is not installed, but
25 the company owns it. It's all paid for. We

1 could be ready -- six months would be an outside
2 date for us, probably less.

3 MR. SMITH: Don Smith, Lakeside. As I
4 told you this morning, we have seven bids from
5 seven major yards. It's a question of whether
6 we're awarded the license and then close on our
7 boat -- we have the last figures that we
8 presented to you in Gary -- and let our bid so
9 the engineering boat work can be completed.

10 I would like to add something that's not
11 complicated. You know, I don't see how you
12 separate the boat from the land. The land issue
13 has to be resolved too before the boat can go
14 out, but we perceive them to be a reasonable
15 organization.

16 MR. KLINEMAN: Let me start then a few
17 questions that I have. We'll start with Barden.
18 You held up a bunch of papers that you said were
19 a wave study that you have conducted, and my
20 question is: We had heard that the Corps of
21 Engineers was asking for a wave study. Is that
22 the wave study that they were looking for, or is
23 this another wave study?

24 MR. BARDEN: I believe it's the one the
25 Corps was looking for. We have submitted it to

1 the Corps, and we think it will help to expedite
2 the process and answer some questions that you
3 could not answer unless you had that so we went
4 ahead and took it.

5 MR. KLINEMAN: How long ago was it
6 submitted to the Corps if you know?

7 BARDEN REPRESENTATIVE: This is the
8 first draft. Chances are it has not been
9 submitted yet. This came out December 7th.

10 MR. BARDEN: It was December 7th so it's
11 recent. It's on its way.

12 MR. KLINEMAN: Well, it might be on its
13 way; is that right?

14 MR. BARDEN: That's right. Very good
15 point.

16 MR. KLINEMAN: We're all thrilled with
17 the fact that you may close your transaction
18 soon, Mr. Barden, and we want to congratulate
19 you. We also want to talk to Mr. Ellers about
20 what's going on with the President part of this
21 group. How have your operational results been
22 for the first part of this year or up to the
23 latest date that you can give us figures?

24 MR. ELLERS: President's operations on
25 an operational basis have been very good. Some

1 of the corporate overhead, some of the buying
2 restructuring charges caused some of the bottom
3 line of the earnings per share numbers to be a
4 little negative. Actually we would break even
5 for the last quarter on an operational basis.
6 Again, we've had a lot of extraordinary expenses
7 in refinancing our bonds which is completed and
8 also, quite candidly, a lot of campaign expenses
9 in Missouri related to the recent election.

10 But operationally, as I indicated,
11 Davenport is extremely profitable, doing very,
12 very well. We get the numbers from Iowa, the
13 public numbers. We've had about two and a half
14 times our revenue over the last several months.
15 Biloxi continues to remain profitable even
16 through the last quarter despite intense
17 competition.

18 MR. KLINEMAN: Wait. You're giving me
19 profits that are positive, is that right, but
20 overall the company --

21 MR. ELLERS: Overall the company has
22 been on a break even on an operational basis plus
23 there have been extraordinary expenses which we
24 acknowledge were for one time --

25 MR. KLINEMAN: Well, we've got a CPA

1 here on the board, and I took accounting, about
2 four years of it under my belt, so the figures
3 for President as a company was that you were
4 negative, correct, based on a period of time?

5 MR. ELLERS: Through the second quarter
6 of this year that is correct.

7 MR. KLINEMAN: Okay. And now you for
8 the third quarter are on a break even; is that
9 it?

10 MR. ELLERS: We have not yet announced
11 that, and as a public company I can't do that,
12 but things are improving.

13 MR. KLINEMAN: Beg your pardon?

14 MR. ELLERS: Things are improving.

15 MR. KLINEMAN: Okay. And you, of
16 course, are optimistic now that you're able to
17 operate full blown in Iowa and also now that you
18 can operate full blown in St. Louis; is that
19 correct?

20 MR. ELLERS: That's correct.

21 MR. KLINEMAN: And this Carter Lake
22 project that you're talking about, what is that
23 going to do to your financial situation?

24 MR. ELLERS: Well, Carter Lake is a
25 project on the Nebraska border near Omaha,

1 Nebraska. If we are fortunate enough to get that
2 project that project involves between a fifty and
3 fifty-five million dollar commitment. About
4 thirty of that is in the boat which we own and is
5 already paid for so we have an additional \$25
6 million commitment.

7 So in terms of financing we don't need
8 any additional financing because we don't have to
9 finance the boat. We already own it so we can
10 use that money for Carter Lake. On an earnings
11 per share basis there have been numbers submitted
12 to the IRS and Gaming Commission. We are looking
13 at that as a fifty to sixty million dollar
14 revenue project. It's a much smaller project.

15 MR. KLINEMAN: Okay. Anyone else have
16 anything about the financials for
17 Barden/President group?

18 MR. HENSLEY: Not Barden specifically.

19 MR. KLINEMAN: I guess you're excused
20 then for a minute. Next I'd go to Monarch. How
21 have been your operating results for the most
22 recent period concluded for your operation?

23 MR. JOHN FARAH: Mr. Chairman, my
24 name's John Farahi. We were under construction,
25 and our revenues are up in September 70 percent

1 over the previous year, and for the month of
2 August we were about 50 percent so because we
3 were under construction we had many extraordinary
4 expenses too, but now that the construction is
5 all finished as of October and we have small
6 profit for last quarter, the third quarter of the
7 year, but we expect a substantial increase for
8 this quarter and especially for next year. And
9 since we are a public company the numbers are on
10 the street and, as was indicated earlier this
11 morning, the financial analysts believe we are
12 going to be experiencing a tremendous increase in
13 our operating income for 1995.

14 MR. KLINEMAN: What ever happened to the
15 old accounting concept of having to capitalize
16 things when you were building buildings and
17 things like that?

18 MR. JOHN FARAH: Because of being a
19 public company we understand it is much better if
20 you write them off the sooner the better so the
21 future is, I'm sure, a much better bottom line.

22 MR. KLINEMAN: Anyone have any questions
23 about the finances for the Monarch group?

24 MR. THAR: I do.

25 MR. KLINEMAN: Yes, go ahead, Mr. Thar.

1 MR. THAR: There was a representation
2 today that a line of credit, your line of credit,
3 has been expanded by \$10 million, or did I
4 misunderstand that?

5 MR. JOHN FARAHI: Yes. That's the First
6 Interstate Bank. Since we have finished our
7 construction now they have given us a \$10.5
8 million line that we could immediately use for
9 purposes of Gary.

10 MR. THAR: There was also a figure of
11 \$30 million. What's the relationship between
12 those two figures?

13 MR. JOHN FARAHI: The \$30 million was
14 our second phase of expansion that was completed,
15 as I indicated, about two months ago or about,
16 yes, October. We're totally completed with that
17 phase. That was the \$30 million for that
18 expansion. On top of that, once we finished the
19 expansion on budget and on time the bank had the
20 confidence in us to give us another \$10.5 million
21 line of credit so we could immediately apply that
22 to the project in Gary and so we do not have to
23 wait for any funding to get started.

24 MR. THAR: Does that mean your available
25 line of credit now is 10.5 million or 41

1 million?

2 MR. JOHN FARAHI: \$10.5 million.

3 MR. THAR: What is the cost of that
4 credit?

5 MR. JOHN FARAHI: Beg your pardon?

6 MR. THAR: What is the cost of that
7 credit?

8 MR. JOHN FARAHI: The cost of that
9 credit --

10 MR. FRANK: I'm Ben Frank from First
11 Interstate Bank. The specifics of it, there's
12 naturally a fee related to putting the facility
13 in place, and the actual rate that is charged is
14 a LIBOR on a prime base. That is based upon
15 performance of the company. It's a little bit
16 higher based upon various performance ratios
17 which is fairly standard in the industry at this
18 time.

19 MR. KLINEMAN: You mean if you don't do
20 well you pay more than if you do well?

21 MR. FRANK: Exactly.

22 MR. KLINEMAN: I've always loved bankers
23 for that concept.

24 MR. SUNDWICK: This is your chance for
25 an attorney joke now if you want.

1 MR. KLINEMAN: I'm sure the bankers out
2 number us here.

3 MR. SUNDWICK: Is this line of credit,
4 it's 40 million?

5 MR. FRANK: There's an existing \$30
6 million that has been utilized, and then there's
7 also an additional \$10.5 million that's
8 available.

9 MR. THAR: Okay. And what is the cost
10 of that additional \$10.5 million?

11 MR. FRANK: Specifically?

12 MR. THAR: Yeah.

13 MR. KLINEMAN: You're asking questions
14 like a woman.

15 MR. THAR: Well, is it under 20
16 percent?

17 MR. FRANK: Oh, absolutely.

18 MR. THAR: What is it?

19 MR. FRANK: For example, the performance
20 varies from prime plus a half percent to prime
21 plus two percent based upon their ratios.

22 MR. THAR: What's the fee?

23 MR. FRANK: The fee is -- there's a
24 \$50,000 front end fee for the facility, and then
25 there is a \$150,000 fee on the incremental amount

1 that's shared among the various banks that will
2 participate in this.

3 MR. THAR: That's prime plus anywhere
4 from a half to two?

5 MR. FRANK: Prime plus a half to prime
6 plus two based upon their performance, and
7 there's also a LIBOR option.

8 MR. THAR: Pardon me?

9 MR. FRANK: A LIBOR option, London
10 Interbank Offer Rate option.

11 MR. THAR: And --

12 MR. FRANK: It's at the company's option
13 whichever one they choose.

14 MR. THAR: Thank you. That's all I had
15 to ask of Dunes.

16 MS. BOCHNOWSKI: On the Monarch project
17 have you gotten good solid figures on how much
18 your project is going to cost? I'm talking about
19 Mr. Wilday's portion of it, the hotel and so on.
20 Do you have good solid figures on that?

21 MR. WILDAY: I believe that since we've
22 just finished a project very similar to this our
23 numbers are very current.

24 MS. BOCHNOWSKI: Is that the Jazz
25 project? Is that the one you're talking about?

1 MR. WILDAY: No. It's the Monarch
2 Clarion in Reno.

3 MS. BOCHNOWSKI: Okay.

4 MR. BOB FARAH: If I may add, the major
5 portion of what will cover our costs is in the
6 boat, and beyond that (Inaudible). So I'm going
7 to add that to the place in Reno that we just
8 finished (Inaudible).

9 MS. BOCHNOWSKI: As to the Trump
10 organization you had mentioned that your project
11 would cost \$153 million. How confident do you
12 feel with financing on that based on all your
13 other projects?

14 MR. RIBIS: I think we stated that we
15 felt very confident, and our numbers are firm.
16 We've spent a lot of time and effort, and we're
17 experts on it. Mr. Trump has reviewed them
18 personally, and I think he feels that the numbers
19 for the hotel and permanent facilities are what
20 we believe it will cost, and they have been
21 submitted to the Commission.

22 MR. KLINEMAN: Well, let's get down to
23 specifics. You have no commitment in hand for
24 the amount of money that you would need. You
25 just feel confident you could get it; is that

1 where we are?

2 MR. RIBIS: Yes.

3 MR. KLINEMAN: And what period of time
4 would you think that you really could put a
5 commitment in place for this specific project?

6 MR. RIBIS: For the overall facility,
7 for the permanent facility?

8 MR. KLINEMAN: Why don't you answer the
9 question that you want to answer, and then I'll
10 see if I have any more questions.

11 MR. RIBIS: On the temporary boat and
12 facility I think we have cash available to do
13 that. On a permanent basis we'd like to -- I
14 think a period of time would be necessary, and
15 that period of time would probably be between now
16 and the time you open your temporary facility in
17 one half year approximately.

18 MR. KLINEMAN: Okay. You have the cash
19 on hand for the temporary?

20 MR. RIBIS: Yes.

21 MR. KLINEMAN: On hand or committed to
22 you?

23 MR. RIBIS: No. We have cash available
24 which we could use out of our casinos of up to
25 \$100 million dollars, and we also have a bank

1 commitment from Bankers Trust to use for this
2 project. As for the permanent facility we don't
3 have -- until we have the commitment then we'll
4 go get the permanent financing.

5 MR. KLINEMAN: Again to Trump. I
6 shouldn't have let you sit down so quickly. The
7 proceedings that you went through, that the
8 company went through in '90, '91, so on and so
9 forth and the restructuring, is there anything
10 that is coming due fairly soon which would
11 postpone in connection with the restructuring so
12 it would represent a fairly substantial drain on
13 your ability to carry out this project?

14 MR. RIBIS: No. We have long-term
15 financing on all of our three casinos which was
16 completed in '91 and '92, as we've testified to
17 before, and the earliest financing coming due on
18 any casino was I think eight years from now.

19 MR. KLINEMAN: And I guess I didn't mean
20 to limit it just to the restructuring that you
21 went through. I mean, do you have any
22 substantial commitment coming?

23 MR. RIBIS: I don't know what Donald has
24 planned in the future. I think the way we run
25 the company is each project now is individually

1 financed, and as far as I know we don't have any
2 projects that we plan to do without having
3 previously financed that, and that's how the
4 company's been run. Mr. Trump might have things
5 in his pocket that he's not told me about but not
6 that I know of.

7 MR. KLINEMAN: Anyone else have anything
8 for the Trump organization? I guess you brought
9 up the subject of the disagreement with the Grand
10 Hyatt. Has that been resolved since we last
11 chatted in August?

12 MR. RIBIS: I can't -- I can tell you
13 that as recently as this week we were with one of
14 their very senior executives, and we came to an
15 oral understanding. We had a couple of
16 refinements to make, and I believe I had a phone
17 call I made while I was out. I think we have an
18 agreement on the entire settlement, and I could
19 tell the staff I've been dealing with that.

20 MR. KLINEMAN: And Mr. Tabbert brought
21 up the question about your ability to work with
22 others and described that you are now in the
23 process of working with Harrah's on some joint
24 project in Atlantic City?

25 MR. RIBIS: I don't ever like to speak

1 for myself, but I can represent to you a
2 representation that I am the chairman of the
3 Casino Association which represents all the
4 casinos. We just completed a five year union
5 agreement with our largest union, over 50,000
6 members, successfully without a strike, without
7 any contention, and we did that as an association
8 working together.

9 We just completed legislation which
10 would revise some of our regulatory system which
11 we did as an association. I'm on the CRDA which
12 requires you to deal with state, city, and other
13 officials. There are 13 members of that board.
14 I'm one of the members.

15 MR. KLINEMAN: I wasn't going to suggest
16 that go through life making everyone mad.

17 MR. RIBIS: Not me, Donald does that. I
18 think I just lost my job. I have a daughter in
19 college and a son in graduate school.

20 MR. KLINEMAN: You know, again, we get
21 down to the ability of the Trump organization not
22 to be somewhat overbearing in a relationship, and
23 I want to get into this Harrah's thing.

24 MR. RIBIS: I'd like to talk about the
25 Harrah's specifically because that idea I think I

1 can take credit for. We're both in the marina
2 area in Atlantic City. There's only two casinos
3 Harrah's Marina and Trump's Castle, and the major
4 roadway into that area is Route 30. It's a
5 four-lane separated highway that has just been
6 redone over the past five years by the state.

7 And our entry into our city had an old
8 police shooting range and derelict buildings and
9 some vacant land and formerly used parking lots
10 so we were able to jointly put in \$2.5 million
11 each, and we're renovating that area. In fact,
12 the architect that we had help us design the
13 project, one of them, Sykes O'Connor, was the
14 architect for both parties, and we've jointly
15 done that, and it's under construction, and the
16 money has been raised, and we're working
17 together, and that is one of the concrete
18 examples of what we can do with what's going on
19 right now.

20 And as to the question of working with
21 the people, I think fortunately or unfortunately
22 Mr. Trump just gets more publicity than any human
23 being that I know so many times things are just
24 blown out of proportion, and they seem larger
25 than they really are. I've been with the

1 organization four years as the chief executive
2 officer, and I did legal work with Mr. Trump for
3 14 years before that. I think I know him pretty
4 well. A lot of that's over blown. I've been
5 around 18 years, and we're still talking, at
6 least until I'm finished talking here.

7 MR. KLINEMAN: Poor Mr. Trump has these
8 people that are forcing him to write books and
9 appear on TV shows and things like that. Anyone
10 else have anything else? I guess we'd like to
11 ask a few questions of Lakeside.

12 AUDIENCE MEMBER: Excuse me.

13 MR. KLINEMAN: Ma'am, are you with one
14 of the developers here?

15 AUDIENCE MEMBER: No, I'm not but I'd
16 like to do this.

17 MR. KLINEMAN: Ma'am, we're not in a
18 position to receive anything from the public.
19 We're in the process now where we're going to
20 consider the applicants so if you have something
21 to say --

22 AUDIENCE MEMBER: Well, I have a letter here
23 that --

24 MR. KLINEMAN: If you have something to
25 say to the Commission please put it in writing,

1 and it will be considered by the Commission, but
2 I'm not going to allow you to speak now.

3 AUDIENCE MEMBER: Why not?

4 MR. KLINEMAN: Because I just told you
5 we're in a process. We are in the middle of a
6 process, and you can't interrupt people during
7 the middle of the process, and I would appreciate
8 your sitting back down.

9 AUDIENCE MEMBER: Well, I have a letter
10 here that I want to read to the --

11 MR. KLINEMAN: I'm sorry. If you've got
12 a letter you give it to the lady on the end who
13 will make it part of the record which you brought
14 with you.

15 AUDIENCE MEMBER: Well, I just want you
16 to know that the Native American Indianas are
17 opposed to this whole deal.

18 MR. KLINEMAN: I'm sorry, ma'am. We're
19 just not going to receive anything, okay. We
20 will be glad to receive that which is necessary.
21 She's going to leave. It's okay. Thank you very
22 much. I appreciate you coming down.

23 AUDIENCE MEMBER: Well, I represent the
24 American Indians --

25 MR. KLINEMAN: We will be glad to have

1 your information received --

2 AUDIENCE MEMBER: Well, that's not fair.

3 MR. KLINEMAN: We are not having a
4 public hearing at the present time. We've had a
5 public hearing, and we're not going to have
6 another one. Anything you want to submit you
7 submit it in writing to our office.

8 Okay. Lakeside, your financial package
9 I don't think has much question about it. I
10 guess it's a pretty substantial, strong package.
11 I would, however, like to ask you a little bit
12 about your East St. Louis operation because I
13 think President over here thinks that they're
14 going to pick up some business from someplace.
15 Do you have any idea of what the results of the
16 passing of the slot program in Missouri is going
17 to do to your reach in St. Louis?

18 MR. KENNY: Mr. Chairman, I'm Patrick
19 Kenny. I also, other than my investment here in
20 Lakeside Resorts, represent the Kenny family
21 interest in the Casino Queen. Our existing
22 business in the Casino Queen has been wonderful.
23 It has been a great business. We've built a
24 strong customer base. I think everyone in the
25 industry can tell you that we've treated our

1 customers well.

2 We've done well with our customers, and
3 my crystal ball is not that good, as they opened
4 this morning, to tell you other than our business
5 is as normal this morning. It's a little too
6 early to tell. We, of course, anticipate and
7 hope that President develops a wonderful and
8 expanded market in St. Louis and finds all their
9 own customers.

10 MR. KLINEMAN: Thank you. Anyone else
11 have anything for Lakeside group?

12 MR. VOWELS: I have just one quick
13 question. It was addressed earlier about
14 Sportopia, the teenage employment. Do you have
15 any idea what numbers you're talking about, how
16 many kids would be employed in the summertime?

17 MR. SMITH: That's Mr. Hall.

18 MR. HALL: Brian Hall, president of
19 Sportopia. We estimate about 400 to 450
20 part-time and fulltime jobs. Obviously that will
21 fluctuate with the season, some being the high
22 season. We anticipate having up to 400 to 450
23 jobs.

24 MR. VOWELS: Do you have any idea what
25 percentage of those would be the types of things

1 that teenagers could do?

2 MR. HALL: Well, I would think that we
3 would have a majority of part-time help, and
4 part-time normally would go to teenagers. I
5 would estimate probably 50 percent of those to
6 maybe 75 percent in the summertime would be
7 part-time jobs.

8 MS. BOCHNOWSKI: As long as we have
9 Sportopia up here -- I can't remember your name.

10 MR. HALL: Brian Hall.

11 MS. BOCHNOWSKI: Okay. You had talked
12 or there had been mention of the fact that there
13 was financing for Sportopia. Is that for this
14 Sportopia, or is that for your other Sportopia?
15 Could you kind of clarify where you stand in
16 relation to the Gary project?

17 MR. HALL: I'd be glad to. We are fully
18 funded in Branson and moving ahead with the
19 design. We hope to be breaking ground late
20 spring, early summer. We open for the 1996
21 summer season. Gary, we have talked to several
22 lenders and have very positive comments from
23 them, but until we have a project it's kind of
24 hard to get a commitment from a lender, but we're
25 very confident.

1 We have fourteen to sixteen million
2 dollars in equity committed in the land,
3 infrastructure, and cash. I am extremely
4 confident if Lakeside is selected as one of the
5 licensees we could have a forward commitment in
6 approximately I would say 90 days.

7 MR. KLINEMAN: Any of the other
8 Commissioners have any questions of any of the
9 applicants?

10 MR. HENSLEY: Mr. Smith brought up a
11 point a while ago about the use of the land
12 facilities and the improvements and so forth as a
13 part of the lending facility. Does anyone here
14 see any problem in having this land become a one
15 dollar a year lease as far as your financing is
16 concerned?

17 MR. TRUMP: It is always -- we've seen
18 no problem with it, but it is always much easier
19 to finance a fee simple than it is a lease.
20 Institutions, and you have plenty of them here,
21 do not like financing leases for a lot of reasons
22 so it's a big advantage to have fee simple, but
23 leases are financeable, not as well, but they are
24 financeable.

25 MR. HENSLEY: I don't have any more

1 questions, but since it's probably going to be
2 the last time I'll be addressing the group I just
3 wanted to say that I think Gary's very, very
4 fortunate to have four applicants as strong as
5 you have been, and I'm not sure that it makes our
6 job that much easier because it is a tough choice
7 that we have to make.

8 MR. KLINEMAN: Thank you. Mr. Thar, do
9 you have anything?

10 MR. THAR: I do if I may. If you'll
11 just kind of stick with me and give me short
12 answers we can get through this relatively
13 quickly. Starting with Barden/President going
14 through the rest of them I don't want your past
15 estimates, I don't want your earliest dates, I
16 don't want to know when. I want to know when you
17 can start operations if you are to get a
18 certificate of suitability today.

19 MR. BARDEN: Mid-April.

20 MR. BOB FARAHI: May 26th.

21 MR. SMITH: Don Smith, Lakeside. Labor
22 Day, Mr. Thar.

23 MR. RIBIS: Between May 1st and June
24 1st, we think May 15th.

25 MR. THAR: You still think you could

1 stick to the mid-April?

2 MR. BARDEN: (Nods head.)

3 MR. THAR: You've already indicated
4 about a potential gaming venture in Iowa. What
5 other jurisdictions are you expanding into it?

6 MR. ELLERS: None at this time.

7 MR. THAR: Are you looking at other
8 jurisdictions?

9 MR. ELLERS: Yes, but I would say most
10 of them are at least a year to two years off.

11 MR. THAR: What impact would those
12 projects in other jurisdictions a year to two
13 years off have on the Gary project?

14 MR. ELLERS: I would say none at this
15 time. We try to finance each one of them on
16 their own.

17 MR. THAR: If I understood Dunes
18 correctly, they are not working in any other
19 jurisdictions?

20 MR. BOB FARAH: That's correct.

21 MR. THAR: Lakeside?

22 MR. SMITH: That's correct, Mr. Thar.

23 MR. THAR: Trump?

24 MR. RIBIS: This is the only current
25 project we have.

1 MR. THAR: Starting with Dunes this
2 time, if I understood your presentation here
3 today, I saw three different harbor designs, the
4 original one that you brought forth in Gary with
5 boats next to each other in the harbor as it
6 exists, the second one which you presented today
7 with the sea wall that runs parallel to the
8 railroad tracks, and was there a third design
9 where you were digging an inland bay?

10 DUNES REPRESENTATIVE: That was just an
11 option. Since we're obligated to have a boat
12 there with a stiff penalty in case of delay that
13 was not forthcoming. We thought for passenger
14 safety and convenience that we could look at the
15 option of digging an inland bay on a temporary
16 basis.

17 MR. THAR: If I understand correctly,
18 you would propose to do whatever of those three
19 things work best?

20 DUNES REPRESENTATIVE: Absolutely.
21 We've looked at all the options.

22 MR. THAR: Barden/President, do you have
23 that capability?

24 MR. BARDEN: Yes.

25 MR. THAR: Lakeside?

1 MR. SMITH: Mr. Thar, we presume in no
2 way this can be done more effectively as to sit
3 down with the other licensee and the city and
4 make that a joint effort.

5 MR. THAR: You're not asking this
6 Commission to buy one proposal?

7 MR. SMITH: No, sir.

8 MR. THAR: Trump organization?

9 MR. DENNEHY: Yes, we have that
10 capability.

11 MR. THAR: Mr. Barden, are we to presume
12 you're going to use all your cash?

13 MR. BARDEN: My three year old daughter
14 has made me commit to a fire truck for
15 Christmas. Other than that I think the available
16 cash necessary to make this project succeed I
17 will commit to in addition to what President
18 already has in the bank and has committed to.

19 MR. THAR: I understand the financial
20 package. Aside from the boat being paid for,
21 President has \$30 million in capital ready; is
22 that correct, Mr. Ellers?

23 MR. ELLERS: It's probably slightly less
24 than that now. It could be in the low 20's at
25 this point because some moneys have been put into

1 the Gary boat already. I'd say it's in the
2 mid-20's.

3 MR. THAR: Somewhere between twenty and
4 twenty-five million dollars in cash?

5 MR. ELLERS: Yes. That's our best
6 estimate right now.

7 MR. THAR: Mr. Barden, what are you
8 willing to commit?

9 MR. BARDEN: Whatever's left in terms of
10 our other project and according to our proposal
11 and schedule that we submitted to the Commission.

12 MR. THAR: So you'd be able to at least
13 match the capital contribution of President?

14 MR. BARDEN: Yes.

15 MR. THAR: Was there anything Dunes
16 wanted -- with regard to the financing on the
17 remainder of the money what do you anticipate
18 that will cost?

19 MR. ELLERS: To get the picture I think
20 you have to go to the market, and I think the
21 best parameter would be the deal that we just did
22 in New Orleans which is effectively about a 22
23 percent deal. We refinanced our bonds before
24 that at 13 percent, and we'd be hardpressed to do
25 that today. I would estimate our cost of the

1 money will be somewhere in probably the 15 to 17
2 range.

3 MR. THAR: Well, the figures I've been
4 hearing recently as of this week were in the 20
5 to 22 percent range, and I just wondered if you
6 figured that's what it would cost.

7 MR. ELLERS: I think we can do it a
8 little better than that, but I don't think that's
9 typical.

10 MR. THAR: Can you go with a
11 MasterCard? It's only 21.

12 MR. ELLERS: The reason I say that, I
13 want to clarify that. We do have some assets.
14 We have assets based on some boats. We can do
15 some boat financing that will make our rate a
16 little bit lower. We have gotten sixty to
17 seventy million dollars unencumbered outside of
18 our bonds, marine assets, which can be financed
19 through much more traditional sources which would
20 not be at 22 percent so that's why our rate would
21 be better.

22 MR. THAR: Do you have anything to add
23 to your financial package, Dunes?

24 MR. BOB FARABI: Mr. Thar, we have two
25 sources who have indicated a willingness to

1 finance both the construction through the
2 commission of banks. Some have been up to \$20
3 million, and then we will weigh the option as to
4 whether we want to take a second offering on
5 Monarch to raise additional funds for the new
6 bond fund. We have those options.

7 MR. THAR: What do you anticipate that
8 would cost you?

9 MR. BOB FARAH: If we go out of the
10 second financing there is no cost. If you go in
11 the bond financing you're talking about 20 to 22
12 percent.

13 MR. THAR: Twenty to twenty-two
14 percent. Lakeside?

15 LAKESIDE REPRESENTATIVE: Our financing
16 proposal has not changed. This corporation is
17 confident. We concur with the interest rates.
18 It would probably be structured in not
19 necessarily the total current pay. They could
20 take a sweep of excess cash but effectively in
21 that range.

22 MR. THAR: Twenty to twenty-two
23 percent?

24 LAKESIDE REPRESENTATIVE: Yeah.

25 MR. THAR: Trump?

1 MR. RIBIS: I don't think our financing
2 package has changed. At this time you want to
3 use as much of your own money as possible. The
4 estimates by Mr. Ellers and the other
5 participants of a high yield market today is
6 probably correct.

7 MR. THAR: Lakeside had indicated that
8 they parlayed or took a look at the effect that
9 Native American Indian gaming may have on the
10 market. Do you have any calculations or opinions
11 as to whether or not a casino in southwestern
12 Michigan or the six counties in Indiana would
13 have much effect on the numbers you presented to
14 the Commission?

15 MR. ELLERS: We have done an analysis,
16 and we stand by our original numbers. We compete
17 today against Native American casinos in Iowa,
18 also in Mississippi to a lesser extent, and we
19 have taken that into account.

20 MR. THAR: Thank you. Dunes?

21 DUNES REPRESENTATIVE: We have analyzed
22 that, and it would not change our numbers.

23 MR. THAR: Lakeside, what was the
24 effect?

25 LAKESIDE REPRESENTATIVE: We think we've

1 already accounted for that in the third or fourth
2 year. Chicago's going to come on. Its going to
3 be a competitive environment. The advantage here
4 is the time frame which we can get in which is
5 early.

6 MR. THAR: Would you say that your
7 original numbers are safe enough that it will not
8 have an effect?

9 LAKESIDE REPRESENTATIVE: Yes.

10 MR. THAR: Trump?

11 MR. RIBIS: Yes. We calculated other
12 competition, including the Indians, in our
13 original analysis.

14 MR. THAR: In your original analysis
15 what's the result?

16 MR. DENNEHY: It hasn't changed our
17 original projections.

18 MR. THAR: You're not looking that far
19 west for your market?

20 MR. DENNEHY: No.

21 MR. THAR: City of Gary, Mr. King, I
22 want to make sure I got this list right. It's
23 the city's request that a development agreement
24 be entered into between and among the city and
25 two developers after the issuance of the

1 certificate of suitability approximately within
2 30 days?

3 MR. KING: That's correct.

4 MR. THAR: If I understand correctly,
5 all applicants are in agreement with that. Is
6 there any applicant that is not?

7 (No response.)

8 MR. THAR: The City of Gary has heard
9 the local ownership packages of these
10 applicants. Does that meet what the city has
11 described as significant local ownership?

12 MR. KING: For each individual
13 applicant?

14 MR. THAR: Each applicant has a
15 different type of a package. Does that satisfy
16 what Gary was looking for in terms of ownership?

17 MR. KING: Some more so than others.

18 MR. THAR: Mr. King, you indicated
19 they'd like to see the parent companies sign
20 development agreements; is that correct?

21 MR. KING: That's correct.

22 MR. THAR: Is there any applicant that
23 disagrees with that?

24 (No response.)

25 MR. THAR: Seeing no hands I assume they

1 all agree. If I understand correctly, the status
2 of all applicants, each applicant, meets the idea
3 of having a boat which they are working on within
4 30 days. Any applicant that does not raise your
5 hand.

6 (No response.)

7 MR. THAR: Project investments, the city
8 asked that one half of the funds for purchase of
9 the site and modification of the harbor be shared
10 by the two applicants; is that correct, Mr.
11 King?

12 MR. KING: That's correct.

13 MR. THAR: Is there any applicant that
14 disagrees with that proposition?

15 (No response.)

16 MR. THAR: It is also my understanding
17 that when the land is purchased it is to become
18 city land at some time. The leases are not be
19 higher than a dollar a year for a minimum of 39
20 years; is that correct?

21 MR. KING: That's correct.

22 MR. THAR: It's my understanding the
23 city desires one land off-site project in the
24 area of \$10 million; is that correct?

25 MR. KING: Yes.

1 MR. THAR: Barden/President, what is
2 your \$10 million off-site project?

3 MR. BARDEN: Ten million.

4 MR. THAR: What is it?

5 MR. BARDEN: The Union Station.

6 MR. THAR: Dunes?

7 MR. BOB FARAH: The Sheraton Hotel.

8 MR. THAR: Lakeside?

9 MR. SMITH: Renovation of the Sheraton.

10 MR. THAR: Trump?

11 MR. DENNEHY: Subsequent to December we
12 adjusted our presentation, our submission to the
13 part one and part two of the application, to
14 include the one percent security fund and the \$3
15 million for the police substations which wasn't
16 part of our initial package when we negotiated
17 with Gary so I think that is an item that we
18 would have to sit down with Gary and negotiate as
19 to -- we were under the impression at the time
20 that the safety and security of the citizens of
21 Gary was a priority, and that's where we
22 dedicated our time, but if they wish to go
23 somewhere else we can negotiate.

24 MR. THAR: Let's get more directed to
25 the issue raised by Gary, and that was that one

1 of the things they desired was an off-site land
2 development in the amount of \$10 million. Is
3 that in your proposal?

4 MR. DENNEHY: No, that was not in our
5 proposal. It's a trade-off. Things aren't in
6 the proposal with the city --

7 MR. THAR: I understand that, but --

8 MR. DENNEHY: You have to remember the
9 original proposal we did choose a project, and
10 that was the marina project which, again, once we
11 changed sites we changed to the security and the
12 police substation format.

13 MR. RIBIS: We're not unwilling to do
14 that. It's just a matter of matching up.

15 MR. THAR: Just a matter of sitting and
16 down and negotiating?

17 MR. DENNEHY: Yes. If you're asking
18 what's in our proposal now it's not currently in
19 our proposal. We can negotiate it.

20 MR. THAR: Do you have a binding
21 agreement with the city at this time?

22 MR. RIBIS: We have letter agreement
23 that was signed in December?

24 MR. KING: December.

25 MR. RIBIS: I don't know if it's legally

1 binding, but certainly we stand by it.

2 MR. THAR: There is no economic
3 development agreement aside from that letter?

4 MR. RIBIS: No.

5 MR. THAR: There's been a request by
6 Gary that 66 percent of the employees be from
7 Gary and 90 percent from Lake County as a whole.
8 Is there any applicant who would disagree with
9 striving for those goals?

10 (No response.)

11 MR. THAR: Mr. King, what did I miss? I
12 did miss a couple things. Emergency response
13 plans you discussed, that's going to be required
14 by the Commission, 2,500 total new jobs, two
15 licenses today, emergency response training with
16 the fire chief and Coast Guard.

17 MR. KLINEMAN: I want to expand on that
18 a little bit then we'll get back to Mr. King
19 while you're reviewing your list. The emergency
20 response program, maybe the Mayor can respond to
21 this. The emergency response program which is of
22 utmost concern by statute to us, we are now
23 hearing that people are going to be ready to go.

24 Now, there's going to be some slippage I
25 guess, but at least they are committing

1 themselves to be ready to go. I want to be sure
2 that the City of Gary's going to be ready to go
3 in regards to making sure the emergency response
4 program is in place and the people are trained
5 and ready to go.

6 MAYOR BARNES: Mr. Chairman and
7 Commissioners, we have a package which sets out
8 fully in detail an existing emergency response
9 team. We were able to get that through a request
10 of Barden/President and President. It sets out
11 all of the details. The only thing that needs to
12 be done is to make sure that we tailor it to the
13 needs obviously of our site location.

14 A meeting is already -- or I'm not sure
15 if it's already scheduled, but there has been
16 communication with our fire chief, Ben Perry,
17 with Captain Clay Forrest and Lieutenant Kevin
18 Kleckner of the U.S. Coast Guard for the express
19 purpose of setting up the appropriate meetings in
20 order to fast track that whole effort. So we are
21 very confident that that will not create any
22 problem in terms of being able to meet our
23 requirements.

24 MR. KLINEMAN: It was my understanding
25 you needed to get people trained in seaboard

1 fires or shipboard fires and shipboard things of
2 that nature which you probably haven't dealt with
3 in Gary. I know you have responded very well to
4 the South Shore incident from everything I've
5 learned, but this is a different ball game.

6 MAYOR BARNES: Mr. Chairman, the reason
7 we responded well to that disaster is because in
8 the last seven years our fire department has
9 engaged specifically in disaster relief.
10 Obviously it is -- only a small portion of that
11 has dealt with seagoing craft, but certainly some
12 portion of it has been. But we're familiar with
13 the dimensions of that requirement, and we are in
14 contact with all the people that can assist us in
15 making sure that we can fast track.

16 MR. KLINEMAN: I just want to be sure
17 that Gary isn't holding back, you know, paying
18 the people to go get trained. I'd like to see --
19 if Gary has to front the money, as you have in a
20 lot of instances, I would like to see you spend
21 that money. I'm sure you will work out some kind
22 of reimbursement from the successful applicants,
23 but it's important that that happen.

24 MAYOR BARNES: I understand, Mr.
25 Chairman, and I certainly would be candid with

1 you that an important part of that initiative
2 we're attempting to do all those things that
3 we're in a position to afford to do, but I know
4 it's not a mystery that cash is one of those
5 items that Gary obviously has to stretch for in
6 order to make it happen. But we're confident we
7 will be able to meet the requirement because we
8 see it, as you do, as being essential, and we
9 don't intend for there to be any slippage at
10 all.

11 MR. KLINEMAN: Thank you. That's all I
12 have, and we're back to Mr. Thar and his
13 question.

14 MR. KING: Just a few other items. We
15 requested that the developers be responsible for
16 one half of the -- each developer would be
17 responsible for one half of the city's
18 prelicensing expenses and that it be forwarded to
19 the city within 30 days of the issuance of the
20 certificate of suitability. This would include
21 the project coordinator position also.

22 MR. THAR: What does that come to?

23 MR. KING: Pardon me?

24 MR. THAR: Ballpark figure what does
25 that come to?

1 MR. KING: Around a half million
2 dollars.

3 MR. THAR: What's the applicant's fee on
4 that? How much of it's useable? How much of the
5 information you gave from that half million
6 dollar expense is usable by the applicant?

7 MAYOR BARNES: What we have asked is
8 that in terms of dealing with prelicensing
9 expenses, again, that's an item that was included
10 in the letter agreement with at least three of
11 the applicants that are here, developers here,
12 and that they agreed to. And at that time those
13 figures I believe were estimated in excess of a
14 half million dollars, in excess of it.

15 And the way we thought we would do that,
16 and I think it was set out in the letter that we
17 sent to you, Mr. Thar, on September the 13th, is
18 that we basically do an audit in a sense and
19 determine what of those things that would endure
20 to the benefit of anyone who came to our site.
21 And I think that if we did that in good faith we
22 would be able to determine.

23 There are some items that obviously
24 would not, but we believe that for the most part
25 those expenses would because there are things we

1 would have to do in terms of having the expertise
2 and the other things that are necessary in order
3 to move on this matter that, quite frankly, I
4 think we would not have been at this point,
5 certainly from the city's perspective, and I
6 think all of those developers, even those who may
7 have not, you know, been selected as preferred
8 developers.

9 MR. THAR: Barden/President, have you
10 agreed to that?

11 MR. BARDEN: In our December 30th letter
12 and the subsequent follow-up development
13 agreement of January 6th we agreed to a \$250,000
14 reimbursement for the city's cost. Anything over
15 that would come out of fees ordinarily due to the
16 city that may be advanced by us such as the three
17 percent bonds fee.

18 MR. THAR: So you have agreed to a flat
19 quarter million dollars?

20 MR. BARDEN: Yes, no questions asked.

21 MR. THAR: Dunes?

22 MR. BOB FARAHI: Same with us.

23 MR. THAR: Lakeside?

24 LAKESIDE REPRESENTATIVE: Not having had
25 the benefit of negotiating with the city we want

1 to go on record as saying that negotiations can
2 take place so that we can find out what the
3 basket looks like and not individually be asked
4 if this is the end of it.

5 MR. THAR: So you are not opposed to
6 paying?

7 LAKESIDE REPRESENTATIVE: We would like
8 to sit the city down in negotiations and see
9 what's --

10 MR. THAR: But you're not opposed to the
11 concept?

12 LAKESIDE REPRESENTATIVE: No.

13 MR. THAR: Trump?

14 MR. RIBIS: Yes.

15 MR. THAR: I'm sorry, Mr. King, are
16 there any others?

17 MR. KING: There are a few other items.
18 On second thought, I think we've covered it. Let
19 me just cover something really important which is
20 that the purchase of 80 percent of the materials
21 and equipment be purchased locally, as I
22 mentioned earlier, but it's critical and
23 important for economic development. As you know
24 and the members of the Commission know, there is
25 a process in which we have over 2,000 business

1 persons in the city of Gary who have gone through
2 a process and are just waiting for this Gaming
3 Commission to start to participate in.

4 MR. THAR: Barden/President, are you in
5 a position to strive for that goal?

6 MR. ELLERS: We agree to use our best
7 efforts consistent with your licensing
8 requirements.

9 MR. KLINEMAN: We're only talking about
10 ongoing purchases. For instance, I don't think
11 Mr. Hanlon's going to qualify as your new
12 employer according to Gary with respect to
13 equipping some of these boats. We're talking
14 about ongoing operational purchases which we were
15 very in favor of. If you remember, we talked
16 about that in Gary when we had the hearing. This
17 is something the Commission does want to urge on
18 the applicants.

19 MR. SUNDWICK: I think it's got to be --
20 I think the city requirement's valid, but I think
21 it's got to be competitive, it's got to be
22 capable, and all those things. It seems to me
23 that whoever the successful applicants are if the
24 city said you have to purchase locally, and, you
25 know, there's nobody capable I think there's got

1 to be some common sense or otherwise we're
2 negotiating long-term contracts with the
3 businesses of Gary, Indiana, which may or may not
4 be competitive or capable. But I think if you
5 stay in the spirit of that I certainly agree with
6 it. If it's in the spirit of doing business with
7 the city I agree with it.

8 MR. SMITH: Mr. Sundwick has given our
9 response.

10 MR. TRUMP: It's the same for us.

11 MR. THAR: The Commission has ruled in
12 the past to review and, subject to further
13 action, to discuss the requirements of the
14 emergency response plan. This will be imposed
15 upon the applicants by the Commission. Starting
16 with Barden/President again and going to each of
17 the applicants, are you willing to bear the cost,
18 or a substantial portion of the cost, of what
19 that emergency response plan may require since
20 it's going to be required by the project? Mr.
21 Ellers.

22 MR. ELLERS: That's consistent with how
23 we operate in other jurisdictions, yes.

24 MR. THAR: Dunes?

25 MR. BOB FARAH: It is.

1 MR. THAR: Trump?

2 MR. RIBIS: Yes.

3 MR. THAR: Lakeside?

4 MR. SMITH: (Witness nods head.)

5 MR. THAR: I have no further questions.

6 MR. KLINEMAN: Anyone else have anything
7 to ask these applicants? Well, I guess I would
8 join in the sentiment that Mr. Hensley expressed
9 a few moments ago that the quality of the
10 applicants has made our problem tenfold or more.
11 I guess I'm really just thankful that we didn't
12 start off with an easy one, that we started off
13 with a hard one because we're going to have a lot
14 of these decisions to make down the road.

15 Obviously in a process like this there
16 will be some winners and some losers. There is
17 no reason for those people who do not get the nod
18 to feel that they were really inadequate. It's
19 going to be a very close call, and there's always
20 in every horse race somebody puts his nose across
21 the finish line, and that's the way the race is
22 decided. So I think we're into that kind of
23 close call, but we're going to do the best we
24 can.

25 What we'll probably do is choose the

1 favored two applicants today. It will allow
2 those people to receive a certificate of
3 suitability subject to some terms and conditions
4 that we're going to ask Mr. Thar to work on in
5 the next couple of weeks so what you will
6 basically get today is a decision subject to
7 putting some of the details on the conditions.

8 I will tell you that the conditions that
9 we're talking about have been discussed with each
10 of you, and I think that it won't present any big
11 problems. We're not going to try to surprise you
12 in any respect, but it will be subject to
13 conditions.

14 And what we're going to do is probably
15 take a ten minute break, relax for a minute.
16 We're going to reconfigure our set-up here a
17 little bit so we can get in a more back and forth
18 situation as far as the Commission members are
19 concerned, and we will then discuss the awarding
20 of the conditional certificates of suitability.
21 All of our discussions will be public, and anyone
22 who wishes to stay and listen to us rattle around
23 feel free to do it. It probably won't be a
24 pretty program, but we're going to get the job
25 done, and we will take that up at quarter after

1 4:00.

2 MR. THAR: One item, if I could have
3 your attention, Conference Room A across the
4 hall, Miss Green will show you where it's at, is
5 available for the applicants to utilize if they
6 want to meet with the press now or at the
7 conclusion or at any other time. Thank you all.

8

9 (After a short break in the proceedings
10 the Commission went into Final Session.)

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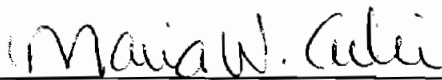
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STATE OF INDIANA)
) SS:
COUNTY OF MARION)

I, Maria W. Collier, Stenographic Reporter within and for the County of Marion, State of Indiana, do hereby certify that on the 9th day of December, 1994, I reported the foregoing Public Meeting; and that the transcript is a full, true and correct transcript made from my stenograph notes.



Maria W. Collier,
Residing in Marion County,
Indiana

My Commission Expires:
August 25, 1995