

BEFORE THE INDIANA GAMING COMMISSION

REGULAR BUSINESS MEETING

ORIGINAL

TRANSCRIPT OF PROCEEDINGS

DATE: October 22, 1997

PLACE: Indiana Government Center Auditorium  
402 West Washington Street  
Indianapolis, Indiana

REPORTED BY: Deanne S. Hutson, Notary Public

MEMBERS OF THE COMMISSION

Donald R. Vowels, Chairman  
Thomas F. Milcarek  
Ann Marie Bochnowski  
Robert Sundwick  
Richard J. Darko  
Dr. David E. Ross, Jr.

ALSO PRESENT

John J. Thar, Executive Director  
Members of the Staff

\* \* \* \* \*

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1                   CHAIRMAN VOWELS: We'll call the meeting  
2 to order. All commissioners present with the  
3 exception of Commissioner Swan. He'll be with us  
4 tomorrow. The Commission would like to welcome  
5 Richard Darko. Richard Darko is the newest  
6 member of the Commission. He was appointed to  
7 fill the Indiana Gaming Commission spot following  
8 the retirement of Chairman Klineman. He comes to  
9 us from the Horse Racing Commission. He's a  
10 partner in the Indianapolis law firm of Lowe,  
11 Gray, Steele & Darko, and we welcome Commissioner  
12 Darko.

13                   COMMISSIONER DARKO: Thank you. Pleasure  
14 to be here.

15                   CHAIRMAN VOWELS: We move on to the  
16 minutes from the business meeting of August 19,  
17 1997. I've assumed the Commissioners have had an  
18 opportunity to review the minutes. Anyone have a  
19 motion to approve?

20                   COMMISSIONER MILCAREK: I'll make the  
21 motion.

22                   COMMISSIONER SUNDWICK: Second.

23                   CHAIRMAN VOWELS: Motion by Commissioner  
24 Milcarek, seconded by Commissioner Sundwick. All  
25 in favor aye. Show the minutes approved. At

1 this time we turn our attention to Bob Small and  
2 Chairman Klineman. They're both here present  
3 with us here today. I believe we have some  
4 special commemoration of Alan Klineman.

5 MR. BOB SMALL: Mr. Chairman, I don't  
6 know whether this microphone works. I guess it  
7 does. I have with me a not unfamiliar packet.  
8 It is my distinct pleasure to come here on behalf  
9 of Governor O'Bannon, much as I came here last  
10 December on behalf of Governor Evan Bayh, to  
11 award to your distinguished outgoing chairman the  
12 highest award that we in the state government can  
13 give anybody, the Sagamore of the Wabash, and I  
14 do so with mixed emotion, and I say that because  
15 I am fully aware of the four-year tenure and the  
16 hours and hours of time that you all have put in  
17 and certainly that Chairman Klineman has put in,  
18 and we are eternally grateful.

19 We are particularly pleased that this  
20 commission has steered the course, if you'll  
21 pardon the analogy, through some pretty troubled  
22 waters to get from Point A, where there was no  
23 boat floating in Indiana, to Point B where I  
24 guess we are all discussing today. We want to  
25 publicly commend you for the high level of

1 professionalism you've brought to that task, and  
2 Mr. Chairman, as the person who steered that ship  
3 to where we are today, I want to thank you on  
4 behalf of Governor O'Bannon, Former Governor Evan  
5 Bayh and myself for a job well done.

6 MR. ALAN KLINEMAN: Thank you, Mr.  
7 Small. I appreciate the sentiments that you've  
8 expressed. It makes me feel really good. I want  
9 to thank you personally for all of the things  
10 that you did to help launch this Commission.  
11 Going back to September of '93 when we all worked  
12 many long hours of trying to get this off the  
13 ground. You were there with your shoulder to the  
14 wheel and pushing just as hard as everyone else  
15 helping us get off the ground so that we could do  
16 the job that Governor Bayh had asked us to do.  
17 I, like you, am proud of this Commission.  
18 They're wonderful wonderful people as persons and  
19 they're certainly wonderful public servants.  
20 They have fulfilled everything that the Governor  
21 asked any of them to do, and the citizens of the  
22 State of Indiana should be forever grateful to  
23 all of them, and I am grateful to all of you for  
24 the way you've carried out your duties and helped  
25 make this commission a success that I think it

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is.

So I want to thank you and Jack Thar and Floyd and Kay and all the staff because without these commissioners and all you people, nothing would have been accomplished along the lines that have been accomplish. Thank you all. I'm not disappearing from the world, but I am going to sit back and enjoy life a little bit. I won't have to pick up the paper so eagerly in the morning and thumb through to see what they've said about the gaming area. I may look at it later, but I think I'll look at it at my leisure. Thank you all again. Thank you, Bob.

MR. THAR: Alan, don't step away. We're not finished.

CHAIRMAN VOWELS: As the new chairman I order you back to the pdoium.

MR. THAR: I was asked on behalf of the Commission and the staff people to put together a few of our thoughts on your retirement. What we started doing was wondering, as the first chairman -- as you step down as the first chairman of the Indiana Gaming Commission, just what has the leadership of one man meant in four-year period.

On September 1, 1993, when Alan Klineman was

1 appointed to be the chairman of the newly created  
2 Indiana Gaming Commission there was no staff.  
3 Today there are nineteen staff employees and  
4 growing, approximately eighty Indiana State  
5 Police and two Department of Revenue personnel  
6 dedicated to the regulating of the riverboat  
7 gaming industry in this state. There were no  
8 rules, there were no applications, there were no  
9 resolutions. In fact, there were no applicants  
10 for any of the respective riverboat gaming  
11 licenses.

12 Today we have a lot of rules, all of those  
13 Alan wanted to do. I only wanted to do two.  
14 Don't fool with the state, don't fool with the  
15 patron. And we still have more coming.  
16 Applications which take weeks to fill out,  
17 resolutions by the binderful. We had in excess  
18 of 45 applicants for eleven potential licenses,  
19 of which today we have eight licensees  
20 functioning, have awarded a ninth which is in the  
21 certificate of suitability stage, and are  
22 considering again at a rehearing stage the tenth  
23 license.

24 There was no travel. We hadn't really gone  
25 anywhere until Alan said this commission will go

1 on the road, resulting in the Commission spending  
2 gloriuos days in Gary, Hammond, East Chicago,  
3 Michigan City, Laporte, Evansville, Corydon,  
4 Leavenworth, Mauckport, Bridgeport, Vevay,  
5 Florence, Rising Sun and Lawrenceburg, and with  
6 what the State pays in travel money, you know we  
7 all got healthy on that.

8 There were no revenues when he came in as  
9 chairman. As of September 1997 there has been  
10 collected in excess of \$81.9 million in admission  
11 taxes, in excess of \$212.7 million in wagering  
12 tax, for total tax collected of \$294.6 million  
13 since Alan started as chairman. That wasn't a  
14 bad deal for the State, considering the fifty  
15 dollars a day they paid he and the other  
16 commissioners for doing this.

17 Of course, Alan would be the first to say that  
18 this was not accomplished by him alone, but  
19 rather, by the concerted efforts and dedication  
20 of the other Commissioners, which is absolutely  
21 true, and the staff, which is also even more  
22 absolutely true, but as the first chairman of the  
23 Indiana Gaming Commission, he is the someone who  
24 was held to account. It was his name and  
25 reputation and integrity that was and still is on



1 the line with all the actions taken by the  
2 Commission and the staff. That took courage,  
3 that took integrity and a bit of madness.

4 For that we thank him and we award him with  
5 the highest honor that can be bestowed on any  
6 person having an association with the Indiana  
7 Gaming Commission, notwithstanding what Mr. Small  
8 said, a lot more Sags have been given out than  
9 the Order of Royal Riverboat Rowers.

10 I'll just read this for the people. Order of  
11 Riverboat Rowers, Indiana Gaming Commission  
12 hereby appoints Alan I Klineman First Chairman  
13 Royal Coxswain, in appreciation of your leader-  
14 ship, September 1, 1993, to September 1, 1997,  
15 presented this 22nd day of October, 1997, by  
16 various signatures from the members of the staff  
17 and state police. Thank you, Alan.

18 MR. ALAN KLINEMAN: Thank you. This has  
19 been a wonderful day for me. I get to sit back  
20 and enjoy life a little bit while the Gaming  
21 Commission meets, and I certainly appreciate the  
22 sentiments. They touch me deeply. I want to  
23 thank you all again. One thing I did forget. I  
24 want to thank the applicants because early on  
25 when we started with one of the two resolutions

1 that Jack cited, of course, one of them was we  
2 were to have no ex parte contact with the  
3 Commissioners, and so far as I know, none of the  
4 applicants ever did anything that caused any of  
5 the Commissioners any uneasiness, and I want to  
6 thank all those who -- fine applicants who made  
7 application and stood before us while we  
8 questioned them and did all the things that we  
9 were supposed to do. At no time did any of the  
10 applicants and obviously none of the licensees  
11 ever do anything that caused us any concern, and  
12 I want to thank the members of the gaming  
13 industry and the people who have appeared before  
14 us for having abided by that rule and made our  
15 job a lot cleaner and a lot easier. Thank all  
16 the people who appeared before us and I thank you  
17 all again.

18 CHAIRMAN VOWELS: Thank you again, Alan.  
19 Now it's time for the report of the executive  
20 director, Mr. Thar.

21 MR. THAR: Thank you. A few personnel  
22 matters. I'd like to introduce to the members of  
23 the Commission, as well as to the people that  
24 deal with the Commission, Mr. Richard Haizlip.  
25 Dick, would you stand up. Richard comes -- he

1 comes to us from Work Force Development. Dick is  
2 our newest addition to our audit staff, known as  
3 Brady's Dynasty now, bringing that division to a  
4 total of six employees. Thank you and welcome  
5 aboard, Dick.

6 We'd also like to announce that aside from  
7 enjoying Alan's retirement today we're also  
8 enjoying Commissioner Sundwick's birthday.  
9 So Happy Birthday, Robert. A line will be  
10 forming to buy him drinks after the meeting.

11 The Commission has successfully moved its  
12 offices. We opened for our first business day on  
13 Monday, September 29, 1997, although we're still  
14 trying to unpack. Our new address, for those who  
15 do not have it, is Indiana Gaming Commission,  
16 National City Center, South Tower, Suite 950,  
17 115 West Washington Street, Indianapolis,  
18 Indiana, 46204. The Indiana State Police Gaming  
19 Enforcement Division is co-housed with us at that  
20 location, and all of the telephone numbers and  
21 fax numbers remain the same.

22 Legislative requests: Senator Borst, Chairman  
23 of the State Tax and Finance Policy Commission  
24 has requested information what riverboats  
25 promised in dollars and employment, what is

1 actually being done regarding the spending of the  
2 promised money and actual employment and  
3 financial information overall. The information  
4 is being compiled and will be presented on  
5 Tuesday, October 28th at ten a.m.

6 Riverboat updates with regard to Lake Michigan  
7 boats: Trump, who is also on the agenda for  
8 today, has broken ground for its hotel in Gary,  
9 Indiana, which is scheduled for completion the  
10 summer of 1998. They've also commenced  
11 construction of a new enclosed area on the fourth  
12 floor of their vessel and the vessel will be  
13 docked during parts of that construction due to  
14 order by the Coast Guard.

15 Majestic Star: The new Majestic Star vessel  
16 is a permanent vessel arrived approximately two  
17 weeks ago and is scheduled to conduct its test  
18 cruise on this coming Monday, October 27th. The  
19 first cruise will start at noon and the last  
20 cruise commences at midnight, ending the gaming  
21 day at 2:00 with passengers off by 2:30. Any  
22 Commissioners interested in attending any or all  
23 of the cruises on that day, we jsut need to know.

24 Empress is also on the agenda on different  
25 issues. They are also preparing to begin

1 construction to enclose an area on the fourth  
2 floor of their gaming vessel also. Blue Chip is  
3 also on the agenda on different issues. As you  
4 are aware, we began the test cruise immediately  
5 after our last meeting in Michigan City in  
6 August. Other than a few minor systems problems  
7 that were not critical to the integrity of the  
8 operation or accounting of the win, the opening  
9 was very smooth and the operation has been on the  
10 optimistic side of their predictions to date.

11 On Ohio River with regard to Argosy, they are  
12 also on the agenda. On Wednesday, October 1,  
13 1997, we conducted a test cruise of their new  
14 vessel described as the largest cruising  
15 riverboat casino in the United States now. As a  
16 result of that test, Argosy was allowed to open  
17 commencing with its eleven a.m. cruise on  
18 Saturday, October 4, 1997, and has been  
19 operational since then.

20 Financial figures: The financial numbers for  
21 the month of September 1997 were released last  
22 Thursday. They were released on October 20th,  
23 whatever date that was. The total admissions tax  
24 for the month was \$6,525,609; total wagering tax  
25 was \$16,449,449, for a total tax in September of

1           \$22,975,058. Total admissions tax year-to-date  
2           is \$52,924,524. Total wagering tax year-to-date  
3           is \$138,214,971, for a total tax year-to-date of  
4           \$191,139,495.

5           Concerning litigation: The time for appeal of  
6           the administrative law judge's ruling and this  
7           Commission's adoption of the rulings concerning  
8           the lawsuit, administrative suit brought by  
9           Empire has expired. Consequently, the litigation  
10          appears to be over as no appeal was made of the  
11          remaining issue in front of the administrative  
12          law judge and no appeal was made of this  
13          Commission's final orders through any court.

14          Finally, the last item I present to you is one  
15          that's a little different. And that is that the  
16          Gaming Commission staff has been receiving quite  
17          a few -- and I think it's approximately ten over  
18          the last three months -- requests from  
19          individuals seeking approval from the Commission  
20          to allow newly invented gambling games to be  
21          approved for use on the riverboats here in  
22          Indiana. Most of the games that we're receiving  
23          submittals for are described as variations of  
24          statutorily permissible games. We presently have  
25          some games in play in Indiana which fall into the

1 area of variations on statutorily permitted  
2 games. For instance, Caribbean Poker and Let It  
3 Ride are both forms of Poker that have taken a  
4 deviation.

5 The statute which we are looking at reads as  
6 follows: It's IC4-33-2-9. It's in the  
7 definitions. It's the definition of gambling  
8 games. Reads as follows: "Gambling games"  
9 includes any of the following, if approved by the  
10 Commission as wagering device. That includes  
11 Baccarat, Twenty-one, Poker, craps, slot  
12 machines, video games of chance, roulette wheel,  
13 Klondike board, punch board and so on.

14 Very early on in this Commission's career the  
15 Commission decided to not allow gambling devices  
16 such as push cards, jar tickets, pull tabs and  
17 the like, using as the philosophy or the  
18 prevailing philosophy at that point in time was  
19 we were not going to allow games on the riverboat  
20 that came in to compete with things that were  
21 being used by charitable gaming. Let charitable  
22 gaming have those games without competition.  
23 So for instance, with regard to poker, notwith-  
24 standing the statutes since poker, the Commission  
25 has allowed Caribbean Stud and has allowed Let It

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Ride.

The question before you, which we don't need to answer today but to get some direction today, is how does the Commission want us to go about handling these requests to get them in a position to present to you for your consideration. I would defer to Kay. Kay, could you describe for the Commission an example of one of the games that we have received?

MS. KAY FLEMING: Yes, at the present time we have, as Jack said, approximately ten games, one of which is called Super Seven. It's a variation of Black Jack which allows a separate side bet to be placed. If you place a side bet and the first card dealt to the player is a seven, you get paid for having a seven turned up as your first card. I think you win approximately three dollars. If the second card dealt to the player is another seven and it's of the same suit, they would win one hundred dollars. If it's a seven but of a different suit, they would win fifty dollars. If the player then requested a third card and the third card was a seven, they would be paid. If it's a seven of a different suit and if they have three sevens of the same



1 suit, a higher amount, at least five thousand  
2 dollars. So that would be an example of one  
3 that's a variation or side bet on the Black Jack.  
4 Some of them are a little bit further removed  
5 from the types of games we have now.

6 What the Commission staff has done, we do have  
7 a contract with an independent laboratory, Gaming  
8 Laboratories International of New Jersey. We do  
9 have rules submitted to them for an analysis of  
10 what the theoretical payback percentage is, et  
11 cetera. We're beginning to receive from GLI  
12 their opinion and their analysis of the game and  
13 then at that point we need to know how you would  
14 like to handle it.

15 MR. THAR: So we throw that open for  
16 discussion and thoughts by Members of the  
17 Commission.

18 COMMISSIONER SUNDWICK: First off, are  
19 these games that are being requested, are they  
20 games that are being played other places?

21 MS. KAY FLEMING: Some are and some are  
22 not. And that's the information that we have  
23 them submit is where they have gotten approval  
24 for the game or the game is being offered, if  
25 they have a riverboat in Indiana that wants to

1 offer the game. All that would be presented to  
2 you in a package if you direct us how you want us  
3 to proceed with that. But some of them are being  
4 offered; some of them are not.

5 COMMISSIONER BOCHNOWSKI: These games  
6 are being presented by people who came up with  
7 the games, not by the riverboats?

8 MS. KAY FLEMING: Correct, it's the  
9 inventor of the game.

10 COMMISSIONER BOCHNOWSKI: It would be  
11 nice if they would approach the riverboat and  
12 then the riverboat would come to us and ask  
13 permission.

14 MS. KAY FLEMING: In some instances the  
15 riverboats have provided them with letters  
16 expressing interest to offer the game if it  
17 receives approval. We do request that  
18 information when we ask them to submit their  
19 package, do you have a riverboat interested in  
20 offering.

21 COMMISSIONER BOCHNOWSKI: Yeah, because  
22 it sounds like a lot of time and money and  
23 effort.

24 COMMISSIONER SUNDWICK: I agree with  
25 that. You're asking us for procedure. Seems to

1 me if the riverboat is interested and they were  
2 interested in bringing it to us, then they'd have  
3 a level of interest other than a letter saying  
4 they'd like to do that, they'd like to have that  
5 game, other than just saying "Well, that's a good  
6 idea. Why don't you go chase it down, get it  
7 approved and maybe we'll do it." I think we're  
8 wasting that person's time, our time. We really  
9 don't know if they really want to do this. So I  
10 would suggest that the riverboat themselves be a  
11 part of that or be the ones that make the  
12 petition. You asked.

13 COMMISSIONER DARKO: I promised my wife  
14 I'd be quiet today. I agree completely with Bob.  
15 I think the licensees are in the business of  
16 deciding which games are safe and which are not  
17 and which are profitable and which are not, and  
18 unless a licensee has come to the Commission and  
19 said "we'd like to use this game", I think it's a  
20 waste of staff time and state money to even  
21 investigate it up to that point.

22 MR. THAR: With regard to the  
23 investigation that we do, we don't spend a lot of  
24 time or anything else. As Kay has indicated, we  
25 generally send a letter back to these people tell

1           them you have to submit it to this laboratory and  
2           you have to bear all costs.  If we put those two  
3           in concert that we want them to submit it to the  
4           laboratory so they can give us information that  
5           maybe inventor or the riverboat might not, that  
6           is, theoretical payout percentage, whether or not  
7           they think it meets with accepted gaming  
8           standards in terms of fairness, clarity, not an  
9           ambiguous game, and then probably to take it to  
10          another step, after we've receive that letter  
11          advise them if they've got a riverboat's  
12          interest, then it would have to be brought by  
13          them to us.  Would that seem to fit in?

14                   COMMISSIONER BOCHNOWSKI:  I didn't  
15                   realize -- I was misunderstanding.  I thought we  
16                   were bearing the cost of this laboratory.

17                   MR. THAR:  No.  Some games are created by  
18                   people that just work out of a garage and came up  
19                   with a great idea and they started with nothing  
20                   and it ends up to be something.  And others are  
21                   presented by companies that are in the business  
22                   of trying to devise other games.  So you have a  
23                   whole range of economic abilities.  If the  
24                   Commission's got a good idea if a riverboat is  
25                   not going to step are forward and say "if you

1 approve this we're willing to give it a go for a  
2 test the period of time," then we ought not  
3 probably consider --

4 COMMISSIONER DARKO: I can't imagine it  
5 going the other way. I can't imagine the  
6 Commission saying to a riverboat why don't you  
7 offer XYZ game. If they don't like it, don't  
8 know it, don't want it. I can't imagine we'd say  
9 why don't you do this.

10 CHAIRMAN VOWELS: Are the people that are  
11 contacting you, essentially are they wanting us  
12 to amend our rules to expand the list of  
13 acceptable games? I'm trying to figure out where  
14 the horse and the cart is here. It would seem to  
15 make more sense that if a casino operator wanted  
16 wanted to have a particular type of game they  
17 would come in front of us and say so and so has  
18 brought this game to our attention and have the  
19 lab check it out and all this. I guess my  
20 question would be if it all came back from the  
21 lab and looked kosher to you guys and we amended  
22 the rule to expand it to include this game to  
23 give some of the casino operater in Indiana who  
24 had never thought about it, there's going to be  
25 marketing aspects of that too whether they want

1 to get into something that might be too complex  
2 for the common gambler.

3 COMMISSIONER SUNDWICK: (inaudible) if  
4 it's a good game (inaudible) the next step at  
5 all.

6 MR. THAR: That would conclude my report.  
7 Are there any questions?

8 CHAIRMAN VOWELS: One thing that we need  
9 to do. I was the secretary and I'm no longer the  
10 secretary so we need a secretary. Would somebody  
11 like to make a motion for one of the  
12 Commissioners to fill the secretary's spot for  
13 the Gaming Commission?

14 COMMISSIONER SUNDWICK: I'd like to  
15 motion to Tom Milcarek be appointed as secretary.

16 CHAIRMAN VOWELS: Any second?

17 COMMISSIONER BOCHNOWSKI: I'll second.

18 CHAIRMAN VOWELS: Show Miss Bochnowski  
19 seconding that. All in favor say aye. Tom  
20 Milcarek, you're our secretary. Practice your  
21 penmanship. Is there any other old business we  
22 need to do? No old business.

23 We'll move into new business. We've got some  
24 rules that Miss Fleming has to present to us, and  
25 Miss Fleming, it's all yours.

1 MS. KAY FLEMING: Yes, thank you. Have  
2 some rules that were published as proposed rules  
3 in the Indiana Register and those are now ready  
4 to be adopted by the Commission as final rules.  
5 There are only two this time. 68 IAC 3-4,  
6 Challenges of the Designation of Certified  
7 Minority or Women's Business Enterprise, and 3-5,  
8 Certification; Hearings on Denials and Challenges  
9 to Certification. This is Resolution 1997-34 and  
10 by adopting this it will be forwarded as final  
11 rules to the Attorney General's office for  
12 review.

13 CHAIRMAN VOWELS: Does anybody have any  
14 questions for Miss Fleming? Do I have a motion  
15 to adopt the rule?

16 COMMISSIONER BOCHNOWSKI: I'll so move.

17 CHAIRMAN VOWELS: Second?

18 COMMISSIONER SUNDWICK: Second.

19 CHAIRMAN VOWELS: Any discussion? All in  
20 favor say aye. Show Resolution 1997-34 is  
21 adopted. Then, Miss Fleming, looks like  
22 disciplinary action is the next thing on the  
23 agenda.

24 MS. KAY FLEMING: I'm trying to make sure  
25 my notes are all together here. If you'll bear

1 with me for just a moment. We have three  
2 disciplinary actions that the Commission has  
3 initiated within the Commission staff has reached  
4 a settlement agreement with the riverboats. The  
5 first one is 97-AR-1. This is a disciplinary  
6 action that was initiated against the Argosy  
7 Casino. It addresses numerous violations of the  
8 count process and procedures that are to be  
9 utilized in the count room. Consists of six  
10 counts.

11 Count 1 addresses the fact that on February 2,  
12 1997, only one employee was present in the hard  
13 count room during that process. He left early  
14 after advising the supervisor his duties were  
15 completed, and when the next shift arrived they  
16 discovered that he had left over six thousand  
17 dollars in uncounted tokens in the hard count  
18 room. The vault had been over six thousand  
19 dollars short on that same gaming day. Addition-  
20 ally, numerous individuals were present in the  
21 hard count room with the uncounted tokens between  
22 the time of the employee leaving and the arrival  
23 of the next shift, and that employee also left  
24 six bags of counted tokens in the hard count  
25 room. All of these are violation of the act, the



1 rules promulgated thereunder and the internal  
2 controls that have been submitted by the Argosy  
3 cast.

4 Count 2 covers the fact that on numerous  
5 occasions between February 1 and February 22,  
6 1997, only one employee was scheduled to perform  
7 jet sort counts and a minimum of two are  
8 required.

9 Count 3 addresses the fact that between  
10 February 1 and February 3, 1997, numerous  
11 occupational licensees entered the hard count  
12 room without accurately completing the hard count  
13 log.

14 Count 4 addresses the fact that on February  
15 22, 1997, four bags of trash were removed from  
16 the hard count room without security checking the  
17 crash by using a metal detector.

18 Count 5 establishes that on February 1, 1997,  
19 numerous occupational licensees exited the hard  
20 count room without security utilizing the metal  
21 detector.

22 County 6 covers the fact that on February 2,  
23 1997, the hard count was commenced and on  
24 numerous occasions only one individual was  
25 present with the uncounted tokens in the hard

1 count room when three persons must be present  
2 during that time.

3 Commission staff has discussed the  
4 matter with Argosy. They have addressed a lot of  
5 their problems internally and the Commission  
6 recommend that a fine of \$10,000 be imposed on  
7 Argosy for 97-AR-1.

8 CHAIRMAN VOWELS: Do I hear a motion to  
9 approve or disapprove?

10 COMMISSIONER ROSS: I move that the  
11 (inaudible)

12 CHAIRMAN VOWELS: Second?

13 COMMISSIONER MILCAREK: Second.

14 CHAIRMAN VOWELS: Mr. Milcarek seconds.  
15 Any discussion? This agreement fining Argosy  
16 \$10,000. There's been a motion that the  
17 Commission approve that agreement, and all those  
18 in favor say aye. Show that it is approved.

19 COMMISSIONER BOCHNOWSKI: I actually do  
20 have a question but not regarding the motion. It  
21 sounds like this is a pattern of real slopiness  
22 in the hard count room. Have you been satisfied  
23 that they've improved their practices?

24 MS. KAY FLEMING: Frank Brady, the  
25 regional administrator, has been looking into

1 that and he does feel that they have progressed.

2 COMMISSIONER BOCHNOWSKI: If there were  
3 subsequent problems like these, the fine would be  
4 (inaudible)

5 MS. KAY FLEMING: We would have to  
6 initiate another disciplinary action at that time  
7 if we discover more violations.

8 CHAIRMAN VOWELS: All of these  
9 violations or this violation in particular  
10 occurred in February of 1997 so it's been quite a  
11 while?

12 MS. KAY FLEMING: Yes, those were in  
13 February of '97.

14 MR. THAR: As a matter of fact, in the  
15 discussions with Argosy in their efforts to  
16 tighten up these procedures, it was part of what  
17 was looked at when we opened their permanent boat  
18 and they were aware that absent getting these  
19 problems straightened up before going to the  
20 permanent vessel, there could have been delay in  
21 opening the permanent vessel had they not gotten  
22 it straightened out on the temporary vessel. and  
23 that's been done to date to Frank's satisfaction.

24 CHAIRMAN VOWELS: Then, Miss Fleming, any  
25 further disciplinary matters?

1 MS. KAY FLEMING: Yes. 97-AR-2 is listed  
2 as a disciplinary action that the Commission  
3 staff initiated against Argosy. It was  
4 discovered that an employee at Argosy had stolen  
5 some funds. The Commission staff was looking  
6 into those missing funds and discovered that  
7 Argosy experienced 21 overages or shortages in  
8 excess of \$10,000 between February 1 and May 7,  
9 1997, in various areas of the cage and these  
10 variances were not handled in accordance with  
11 Argosy's internal policies.

12 On April 19, 1997, Argosy had a \$9.700  
13 shortage that was not handled in accordance with  
14 the policies, and on May 5, 1997, Argosy had a  
15 \$3,900 shortage that was not handled in  
16 accordance with its policies.

17 The audit staff has been working with Argosy  
18 and feels that they are making efforts to comply  
19 with their internal control policies, and after  
20 discussing the matter with them, the Commission  
21 staff recommends a fine of \$15,000 be imposed.

22 CHAIRMAN VOWELS: We have the agreement  
23 in front of us. Is there any motion to approve  
24 or disapprove of this agreement?

25 COMMISSIONER BOCHNOWSKI: I move to

1 approve the agreement.

2 CHAIRMAN VOWELS: Any second?

3 COMMISSIONER SUNDWICK: Second.

4 CHAIRMAN VOWELS: Any discussion? All  
5 those in favor of approving the agreement say  
6 aye. Show the agreement's approved. Miss  
7 Fleming

8 MS. KAY FLEMING: One more. 97-TR-1.

9 This is a disciplinary action initiated against  
10 the Trump Casino. On July 9, 1997, the Trump  
11 Casino cancelled a cruise due to the fact that  
12 they had insufficient surveillance crew present  
13 at their land-based facility to provide  
14 surveillance coverage of the cage located on the  
15 barge. By canceling the boat surveillance crew  
16 was able to provide the coverage to the land-base  
17 cage. This is not a statutory reason for  
18 disruption of an excursion, and when the proper  
19 person on behalf of Trump completed the daily  
20 excursion report they indicated that the  
21 excursion had been cancelled due to mechanical  
22 problems.

23 The Commission initiated the disciplinary  
24 action, had discussions with Trump. They did  
25 reprimand the appropriate personnel, and the

1 Commission staff is recommending a fine of \$5,000  
2 be imposed.

3 CHAIRMAN VOWELS: Again, in front of us  
4 there is an order in reference to that fine and  
5 that agreement. Is there anyone who would like  
6 to make a motion to approve or disapprove this  
7 agreement?

8 COMMISSIONER MILCAREK: I have a  
9 question. Why would they blame it on mechanical  
10 failure if you didn't have enough people or  
11 whatever? Why wouldn't they just say that? Why  
12 would they (inaudible) trumped up excuse? Pardon  
13 my pun.

14 MR. THAR: I think the investigation  
15 indicated that the person who was in control of  
16 the ship at that time was trying to watch over a  
17 fellow employee who had short-staffed an area.  
18 When it was explained that they were not going to  
19 make this cruise the Commission agent said, well,  
20 what are you going to write down as the excuse?  
21 And they said we don't have the right number of  
22 employees and the commission agent advised them  
23 you understand that's not a statutory excuse.  
24 So they wrote down a false one.

25 COMMISSIONER DARKO: A question out of

1 curiosity. Does a violation like this affect the  
2 captain's Coast Guard licensing as a captain?

3 MR. THAR: It could, but I doubt if this  
4 one would because he didn't make a decision to  
5 put anybody in jeopardy from a safety point of  
6 view.

7 CHAIRMAN VOWELS: What would the option  
8 have been? Not to have a cruise at all?

9 MR. THAR: The option would have been, if  
10 the didn't cruise, to write down the truthful  
11 reason and then determine for this Commission  
12 what they wish to do with it since they didn't  
13 cruise but it wasn't a statutorily sanctioned  
14 reason to not cruise. Most likely the  
15 recommendation would have been a fine for a  
16 lesser amount.

17 COMMISSIONER DARKO: I was going to say  
18 what would we have fined them for that?

19 CHAIRMAN VOWELS: Would they have been  
20 able to operate the casino games without that --

21 MR. THAR: What would have happened is  
22 all they had to do was close the shoreside cage.  
23 That's not necessary for the operation of the  
24 boat when it's away from the dock. They chose  
25 not to do that.

1           CHAIRMAN VOWELS: Anything further? Any  
2 motion to approve or disapprove of this  
3 agreement? Did you already mo --

4           COMMISSIONER MILCAREK: No, but I will  
5 make the motion.

6           CHAIRMAN VOWELS: And Mr. Milcarek makes  
7 the motion, and is there a second?

8           COMMISSIONER BOCHNOWSKI: Second.

9           CHAIRMAN VOWELS: Any other discussion?  
10 Those in favor of approving the agreement say  
11 aye. Show the agreement approved. Then Miss  
12 Fleming, it appears occupational licensee issues.

13           MS. KAY FLEMING: The first one that I  
14 have in front of me is George Werner. If the  
15 Commission doesn't mind, we can address that  
16 first, unless you prefer a different order.

17           COMMISSIONER VOWELS: That's fine.

18           MS. KAY FLEMING: George Werner has  
19 applied for the waiver of a felony disqualifi-  
20 cation. Mr. Werner has been offered employment  
21 with the Casino Aztar as the marketing executive.  
22 He had been convicted of selling a controlled  
23 substance in 1977, a pound of marijuana. Since  
24 then he had a 1989 misdemeanor conviction for  
25 driving while intoxicated. Those have been his



1           only offenses to date. Mr. Werner is currently  
2           employed at the Treasure Island Casino in  
3           Minnesota in a similar capacity. His license in  
4           Minnesota is in good standing and he has an  
5           excellent work record with that casino.

6           I conducted the review hearing on September  
7           12, 1997, and I'd like to recommend a felony  
8           waiver be granted for Mr. Werner. If such a  
9           waiver is granted by the Commission he will then  
10          be in a position to obtain an occupational  
11          license to work for Casino Aztar.

12           CHAIRMAN VOWELS: Looks as if we need  
13          someone to make a motion to either adopt or  
14          reject the recommendation of Miss Fleming. If  
15          it's adopted, it looks as if we would approve the  
16          request for the felony waiver. Any motion to  
17          adopt and approve or a motion to reject and deny?

18           COMMISSIONER SUNDWICK: Adopt and  
19          approve.

20           CHAIRMAN VOWELS: Alright. A second.

21           COMMISSIONER MILCAREK: I will second.

22           CHAIRMAN VOWELS: Any further  
23          discussion?

24           COMMISSIONER MILCAREK: I was curious how  
25          old is Mr. Werner?

1 CHAIRMAN VOWELS: Do you have any idea  
2 how old Mr. Werner is?

3 MS. KAY FLEMING: I believe he's 39.

4 CHAIRMAN VOWELS: Anything further? We  
5 have a motion and a second to adopt the review  
6 officer's recommendation and approve the request  
7 for the felony waiver of Mr. Werner. All in  
8 favor say aye. Show that the felony waiver is  
9 granted.

10 MS. KAY FLEMING: The next one is  
11 Kimberly King, SB-DEN-1. Miss King applied for  
12 an Occupational License Level 2 for employment  
13 with the Showboat Casino as a dealer. Notice of  
14 revocation was sent to Miss King on August 28,  
15 1997. The reason for the revocation is Miss King  
16 had previously been licensed by the Commission to  
17 work for the Trump Casino as a cage cashier.  
18 During her employment with Trump it was  
19 discovered that she stole money from her cage  
20 drawer. She has been charged with theft as a  
21 Class D felony in Lake County, which to my  
22 understanding and knowledge is currently a  
23 pending matter in Lake County. Trump terminated  
24 Miss King's employment. She then moved on to the  
25 Showboat. Once we realized who the person was

1 that had been issued the temporarily license, we  
2 did revoke her license due to the fact she's not  
3 of good moral character and reputation. We have  
4 advised her that the commission staff has revoked  
5 her temporary license and denied her application  
6 for a permanent license.

7 The action before the Commission is whether or  
8 not you will approve the denial of her license,  
9 and if the Commission does deny or approve the  
10 revocation of a temporary lilicense and the  
11 denial of a permanent license, she will have the  
12 ability to appeal the matter to an administrative  
13 law judge.

14 CHAIRMAN VOWELS: Do we have a motion to  
15 deny or approve the application for an  
16 occupational license?

17 MS. KAY FLEMING: Yes, the commission  
18 action on application for occupational license.

19 CHAIRMAN VOWELS: Is there any motion?

20 CHAIRMAN ROSS: I'll make that motion.

21 CHAIRMAN VOWELS: To deny the  
22 application for occupational license?

23 CHAIRMAN ROSS: Yeah.

24 CHAIRMAN VOWELS: Any second?

25 COMMISSIONER DARKO: Second.

1                   CHAIRMAN VOWELS: Any further discussion?  
2 All in favor of denying the application for  
3 license of Kimberly King say aye. Show the  
4 application is denied. And Miss Fleming.

5                   MS. KAY FLEMING: Next is -- I'm not sure  
6 if I'm pronouncing this right, but Asteria Dunn,  
7 SB-DEN-2. Miss Dunn applied for an Occupational  
8 License Level 2 for employment with Showboat  
9 Casino as a cage cashier. The notice of  
10 revocation was issued by the commission staff on  
11 September 5, 1997. Miss Dunn's employment with  
12 Showboat was terminated after she was charged  
13 with nine counts of forgery, fraud and theft.  
14 Those charges are pending at this time in Lake  
15 County. The activities that led to those charges  
16 being filed arose in the performance of her  
17 duties as a cage cashier, which she bypassed  
18 normal credit procedures and assisted an unknown  
19 male patron in obtaining \$12,000 in fraudulent  
20 cash advances on credit cards that had not been  
21 issued to that particular patron. At this time  
22 point in time Miss Dunn is not employed by a  
23 riverboat but we are taking the the action so  
24 that it would prevent her from attempting to work  
25 at another boat in any position.

1           So if the Commission does adopt or approve the  
2           revocation of her temporary license and the  
3           denial of her application for a permanent  
4           license, she would have the ability to appeal the  
5           matter to an administrative law judge.

6           CHAIRMAN VOWELS: And then in reference  
7           to what we have before us here, is there a motion  
8           from any of the commissioners to either deny or  
9           approve the application for an occupational  
10          license submitted by Asteria Dunn?

11          COMMISSIONER BOCHNOWSKI: I would move  
12          that it be denied, her application.

13          CHAIRMAN VOWELS: Second to that motion?

14          COMMISSIONER MILCAREK: Second.

15          CHAIRMAN VOWELS: Mr. Milcarek seconds.  
16          Any further discussion? All in favor of the  
17          motion denying the application say aye. Show the  
18          application is denied. And Miss Fleming.

19          MS. KAY FLEMING: The next one is Joseph  
20          Cassaro, SB-DEN-3. Mr. Cassaro applied for an  
21          Occupational License Level 2 for employment with  
22          Showboat Casino. The commission staff issued the  
23          revocation of temporary license and denial of the  
24          permanent license application on August 28, 1997.  
25          In July of 1997 Mr. Cassaro was a patron of the

1 Trump Casino and he was evicted for the use of  
2 foul language and the display of gross  
3 misconduct. On August 3, 1997, he was again a  
4 patron at the Trump Casino. Trump surveillance  
5 observed Mr. Cassaro removing a losing bet from  
6 the roulette table after the roulette dealer had  
7 failed to sweep the losing chip. When Trump  
8 security approached Cassaro, Cassaro did  
9 eventually return the losing wager but used foul  
10 language when he was being ejected from the  
11 casino. Commission agents were present during  
12 this event and asked Mr. Cassaro about his  
13 employment and his licensing status through the  
14 Commission, and he denied being employed by a  
15 riverboat and denied possessing a license that  
16 was issued by the Commission.

17 As a result of his action, the commission  
18 staff advised him that his temporary license was  
19 revoked. His permanent license was denied as a  
20 result of the fact that he was not of good moral  
21 character and reputation. Mr. Cassaro will have  
22 the opportunity to appeal to an administrative  
23 law judge if the Commission does uphold the  
24 commission staff actions.

25 CHAIRMAN VOWELS: In front of us then we

1 have a form in reference to either denying or  
2 approving the application for an occupational  
3 license of Mr. Cassaro. Is there a motion to  
4 either deny or approve?

5 COMMISSIONER DARKO: Move to deny.

6 CHAIRMAN VOWELS: Is there a second?

7 COMMISSIONER BOCHNOWSKI: Second.

8 CHAIRMAN VOWELS: Is there any  
9 discussion? The motion to deny. All in favor  
10 say aye. The application for occupational  
11 license for Mr. Cassaro is denied. Miss Fleming.

12 MS. KAY FLEMING: Next is Lois Dorn,  
13 TR-DEN-2. Miss Dorn applied for an Occupational  
14 License Level 2 for employment with Trump Casino  
15 as a casino finance representative. Notice of  
16 the revocation of the temporary license and  
17 denial of the permanent license application was  
18 issued by the commission staff on September 5,  
19 1997. When Miss Dorn completed her application  
20 for an occupational license she listed N/A, or  
21 not applicable, in response to the question  
22 concerning criminal history.

23 As a result of the fingerprints that were  
24 obtained from Miss Dorn, the Commission received  
25 information that she had been arrested for the

1 offense of shoplifting under the name of Mary  
2 Smith in 1975 in Crown Point, Indiana. Miss Dorn  
3 was advised of this information but continues to  
4 deny that she was ever arrested or had any  
5 knowledge of the name Mary Smith.

6 Indiana Code 4387 provides the Commission may  
7 refuse to issue an occupational license to an  
8 individual who does not disclose or states false-  
9 ly any information required by the application.  
10 And so this matter is before the Commission for  
11 upholding the commission staff's action in  
12 revoking her temporary license and denying her  
13 application for a permanent license. If the  
14 commission staff's actions are upheld, Miss Dorn  
15 will have the opportunity to appeal the matter to  
16 an administrative law judge.

17 CHAIRMAN VOWELS: Again in front of us  
18 we have the option of denying or approving the  
19 application for the occupational license. Is  
20 there any motion to approve or deny?

21 COMMISSIONER MILCAREK: I will make a  
22 motion to deny her license.

23 CHAIRMAN VOWELS: Is there any second?

24 CHAIRMAN ROSS: Second.

25 CHAIRMAN VOWELS: Is there any



1 discussion?

2 COMMISSIONER DARKO: Can I ask this is  
3 the lady who sent the letter in contesting the  
4 facts.

5 MS. KAY FLEMING: Yes.

6 COMMISSIONER DARKO: So if we deny it,  
7 then it will go to an administrative law judge if  
8 she wants to continue?

9 MS. KAY FLEMING: If she wants to  
10 continue, yes, she will have that opportunity.

11 CHAIRMAN VOWELS: Miss Fleming makes  
12 reference to her arrest back in 1975. Was there  
13 any -- and also that maybe she gave a false name  
14 back then of Mary Smith, which probably false  
15 upon the booking officer buying into that one in  
16 the first place. Any indication of what happened  
17 after that? Did she fail to appear after maybe  
18 giving a false name or was there a conviction, or  
19 do we know?

20 MS. KAY FLEMING: My information is there  
21 was a conviction.

22 Chairman VOWELS: There was a conviction.  
23 Statutorily on some of those you can basically  
24 have a summary judgment when they ask for a  
25 waiver. This wouldn't come anywhere near the

1 statute if she would have admitted that in the  
2 first place, correct?

3 MS. KAY FLEMING: This is not a felony  
4 conviction. This would be a misdemeanor. So it  
5 would not bar her employment.

6 Chairman VOWELS: I guess the point I'm  
7 making for any future applicants to work on the  
8 boats is this is what happens when you don't tell  
9 the truth. As you see in her letter, she said  
10 she didn't remember it. Then later on she said  
11 she paid then for her mistake which she doesn't  
12 remember. As somebody who represents people  
13 charged with crimes quite regularly who don't  
14 always tell me the truth, I would say that if you  
15 can't remember being arrested, even if it was  
16 twenty-seven years ago, you probably have bigger  
17 problems in your life than that because it would  
18 appear to me -- that's my soap box. We have a  
19 motion to deny the application and it's been  
20 seconded. Is there any further further  
21 discussion? All those in favor say aye. Show  
22 that the application for the license is denied.  
23 Miss Fleming, anything else?

24 MS. KAY FLEMING: Michael Bain, TR-DEN-3.  
25 Mr. Bain originally applied for an Occupational

1 License Level 2 for employment with the Trump  
2 Casino as a slot technician. When he completed  
3 that application he indicated that he had been  
4 convicted of the offense of conspiracy in 1988.  
5 He then left Trump Casino and began working at  
6 Showboat prior to the time of licenses being  
7 issued because they were in pre-opening stages.  
8 During the background investigation that was  
9 initiated as a result of the application submit-  
10 ted for employment with Trump, the commission  
11 staff discovered that the activity leading to his  
12 conviction arose out of his performance of the  
13 duties of a slot technician while he was employed  
14 at Fitzgerald Casino in Las Vegas. Specifically  
15 Mr. Bain conspired with another individual and  
16 while working as a slot technician, he would  
17 align the reels of the slot machine the other  
18 individual was playing to display winning  
19 combinations. As a result, the commission staff  
20 was going to revoke his occupational license, but  
21 prior to our revocation being issued Blue Chip  
22 terminated his employment because he failed to  
23 reveal the conviction on his application with  
24 Blue Chip.

25 So at this time Mr. Bain is not employed with

1 a casino, but we are taking, the staff, when it  
2 had issued the notice of revocation of the  
3 temporary license and the denial of the  
4 application for permanent license so that Mr.  
5 Bain would not be in a position to be employed at  
6 any other riverboat. So the Commission needs to  
7 take action on the commissioner staff's revoca-  
8 tion of Mr. Bain's temporary license and the  
9 denial of his application for permanent license.  
10 If the staff action is upheld, he will have the  
11 opportunity to appeal the matter to an  
12 administrative law judge.

13 CHAIRMAN VOWELS: Is there a motion to  
14 deny or approve the application for occupational  
15 license submitted by Michael Bain?

16 COMMISSIONER ROSS: I move to deny.

17 CHAIRMAN VOWELS: Second?

18 COMMISSIONER DARKO: Second.

19 CHAIRMAN VOWELS: Any further discussion?  
20 All those in favor of the motion to deny the  
21 application say aye. Show his application is  
22 denied. Miss Fleming.

23 MS. KAY FLEMING: The next one is Jeffrey  
24 Lenkei, GV-DEN-1. Mr. Lenkei applied for and  
25 received a temporary occupational license to work

1 for Grand Victoria as a dealer. Notice of  
2 revocation of the temporary license and the  
3 denial of the application for a permanent license  
4 was issued by commission staff on September 9,  
5 1997. Mr. Lenkei was a dealer at a roulette let  
6 table and, while carrying out his duties at the  
7 roulette table, attempted to manipulate the  
8 roulette wheel to improve the chances of another  
9 patron, who is a dealer at the Argosy Casino, to  
10 improve that patron's chances of winning. On  
11 August 9, 1997, Mr. Lenkei was a patron at the  
12 Argosy Casino and he requested that the same  
13 dealer who had previously been his patron slow  
14 the speed of the roulette wheel to improve his  
15 own chances of winning. The commission staff  
16 revoked Mr. Lenkei's occupational license and  
17 denied his application for a permanent license on  
18 the basis he was not of good moral character and  
19 reputation.

20 The matter before the commission staff to  
21 uphold or overturn the commission staff's  
22 actions. If you do uphold the revocation of his  
23 temporary license and the denial of his  
24 application for permanent license, Mr. Lenkei  
25 will have the opportunity to appeal the matter to

1 an administrative law judge.

2 CHAIRMAN VOWELS: Once again, we have in  
3 front of us -- I'm sorry. Go ahead.

4 COMMISSIONER SUNDWICK: When I read this  
5 background this young man said he didn't  
6 understand. Did you interview this --

7 MS. KAY FLEMING: The state trooper, one  
8 of our commission agents.

9 COMMISSIONER SUNDWICK: I guess the  
10 question is really is it true that if you slow  
11 the wheel down does it change the dynamics?

12 MS. KAY FLEMING: Not that I'm --

13 COMMISSIONER SUNDWICK: I think he said  
14 he just wanted to be able to see better. I don't  
15 know anything about the game. When I ask the  
16 question, I'm asking it -- he said "I'm new at  
17 this new. I didn't know it was illegal. I was  
18 asked to slow the wheel down. I've been asked  
19 before."

20 MR. THAR: This is not the first incident  
21 we have investigated where roulette dealers on  
22 various vessels have at one time or another by  
23 adjusting the speed of the wheel and a flick of  
24 the ball they can increase, not guarantee what  
25 number it will come up on, but increase the

1 chance of the ball going into a number or a given  
2 slot of numbers. To date we've not had evidence  
3 that that in fact works based upon the surveil-  
4 lance that was conducted with regard to one of  
5 the other investigations. From our point of  
6 view, it doesn't matter. When a person suggests  
7 to another person that by doing something on his  
8 behalf it would cause the game not to be played  
9 fairly, that from our opinion is enough to impune  
10 the integrity of gambling in the State of Indiana

11 MS. KAY FLEMING: He did admit during the  
12 interview with the commission agent he attempted  
13 to manipulate the wheel to increase another  
14 patron's chances of winning.

15 CHAIRMAN VOWELS: Any motion to deny or  
16 approve the license of Mr. Lenkei?

17 COMMISSIONER DARKO: Move to deny.

18 COMMISSIONER SUNDWICK: Any second?

19 (UNIDENTIFIED COMMISSIONER): Second.

20 CHAIRMAN VOWELS: Any further discussion?

21 CHAIRMAN ROSS: I'd just like to know  
22 what happened to this guy.

23 MS. KAY FLEMING: He was requested by Mr.  
24 Lenkie but he approached the commission agent and  
25 advised them of what happened, and that is what

1 led to our investigation into the matter.

2 CHAIRMAN VOWELS: Has there ever been any  
3 thought of barring somebody who works on one  
4 boat, like a dealer or somebody who runs the  
5 roulette table, from gambling -- I know they  
6 can't gamble on the boat they work for, but  
7 gambling on another boat? It never occurred to  
8 me until I read this.

9 MR. THAR: That was in fact thought  
10 about. The issue that arose at the time was how  
11 enforceable is it. If I am a dealer on the boat  
12 in East Chicago and decide that on my way to  
13 Cincinnati I'm going to stop at Lawrenceburg,  
14 what are the chances of someone being able to  
15 detect that person? We didn't want the  
16 individuals to, shall we say, to get in touch  
17 with their employer which is why we prohibited -- this  
18 Commission prohibited by rule people from  
19 gambling on the vessel they work on, but at the  
20 time that rule was put together it was believed  
21 that a rule beyond prohibiting gambling at any  
22 place in the State of Indiana might be one of  
23 those rules that's impossible to enforce. That's  
24 been the position to date, unless someone has a  
25 different outlook on that at this point in time.



1                   CHAIRMAN VOWELS: I just thinking  
2                   outloud. Another unspoken thought. We have a  
3                   motion to deny and it's been seconded. Any  
4                   further discussion? All in favor for denying the  
5                   application say aye. The application is denied.  
6                   And Miss Fleming.

7                   MS. KAY FLEMING: The final matter.

8                   CHAIRMAN VOWELS: You've been busy.

9                   MS. KAY FLEMING: Thomas Lunde, GV-FEL-4.  
10                  Mr. Lunde applied for and received a temporary  
11                  occupational license to work at the Grand  
12                  Victoria as an engineering manager. In response  
13                  to Question 10 of the application, the question  
14                  that concerns criminal history, he indicated he  
15                  had received speeding tickets but had no other  
16                  criminal history. During the course of the  
17                  background investigation the commission staff  
18                  determined that Mr. Lunde had been convicted of  
19                  the offense of burglary in 1966 and received a  
20                  sentence of seven years. As a result of the  
21                  felony conviction, Mr. Lunde was ineligible to  
22                  receive an occupational license unless the felony  
23                  waiver were granted. His temporary license was  
24                  revoked and his permanent application denied.  
25                  Mr. Lunde submitted a request for a felony favor

1 form in a timely fashion. However, the riverboat  
2 licensee for which he was employed, Grand  
3 Victoria, indicated that they would not hire Mr.  
4 Lunde if such a felony waiver were granted. It  
5 is both a statutory condition and a rule  
6 promulgated by the Commission that a riverboat  
7 licensee must agree to hire an individual before  
8 the Commission will process their application or  
9 their request for a felony waiver.

10 As a result, the commission staff sent a  
11 letter to Mr. Lunde that he was ineligible to  
12 receive a waiver of the felony disqualification.  
13 Mr. Lunde requested a appeal of the matter to an  
14 administrative law judge on June 30, 1997. Jeff  
15 Dodson was appointed the administrative law judge  
16 in the matter, and Mr. Dodson issued a notice  
17 setting the matter for telephonic pre-hearing  
18 conference on January 30, 1997. Mr. Lunde was  
19 served with a notice of that hearing. Mr. Lunde  
20 did not participate in the pre-hearing conference  
21 on July 30, 1997. On August 5th the  
22 administrative law judge issued a notice of  
23 proposed dismissal order on the Commission and  
24 Mr. Lunde. That notice was again served on Mr.  
25 Lunde and he was advised that he would need to

1 respond within seven days. Mr. Lunde did not  
2 respond to that notice. As a result, the  
3 administrative law judge issued the order of  
4 dismissal on August 27, 1997.

5 This matter is before the Commission to either  
6 adopt the recommendation of the administrative  
7 law judge or reject that recommendation, and if  
8 the ALJ's recommendation is adopted, then the  
9 request for felony waiver of Tom Lunde will be  
10 denied.

11 CHAIRMAN VOWELS: It appears that we have  
12 a lot of options at the bottom here.

13 MS. KAY FLEMING: Yes, you do. Those are  
14 the various options. You can accept, reject,  
15 modify, dissolve, remand or review any issue  
16 relating to this matter.

17 CHAIRMAN VOWELS: What's the difference  
18 between rejecting and dissolving?

19 MS. KAY FLEMING: That is the statutory  
20 language. You would have to ask your local  
21 legislature.

22 CHAIRMAN VOWELS: We have before us this  
23 motion -- it's a commission order request for  
24 felony -- in reference to the felony waiver  
25 request of Mr. Lunde. ALJ's recommendation, one

1 is to deny that request and we are at the point  
2 of all these either/ors. We'll start off with  
3 does anyone have any motion as it would be to  
4 adopt the recommendation of the administrative  
5 law judge and deny the request for felony waiver  
6 of Mr. Lunde?

7 COMMISSIONER BUCHNOWSKI: I'd make  
8 that motion.

9 CHAIRMAN VOWELS: Is there any second?

10 COMMISSIONER MILCAREK: I'll second.

11 CHAIRMAN VOWELS: Is there any further  
12 discussion? All those in favor of adopting the  
13 ALJ's recommendation of denying the waiver say  
14 aye. Mess Fleming, is that all we have from you  
15 now?

16 MS. KAY FLEMING: Yes, it is.

17 CHAIRMAN VOWELS: We move into the  
18 supplier licensee issues and Mr. Hannon.

19 MR. FLOYD HANNON: The first issue is the  
20 granting of two temporary supplier licenses. The  
21 first company is Chipco International. Chipco  
22 International is a manufacturer of tokens and  
23 chips that intends to do business with Caesar's.  
24 The company is located in Windham, Maine, which  
25 wasn't a bad trip for the investigators, with

1 regional offices in Denver, Atlantic City and Las  
2 Vegas. The company is incorporated with 42  
3 percent of its stock held by John M. Kendall,  
4 president of the company. The remaining stock is  
5 primarily held by members of Mr. Kendall's  
6 family. Mr. Kendall bought an existing company  
7 in '85 and later changed it to JOM, Inc., doing  
8 business as Chipco International. The company  
9 currently is licensed in nine jurisdictions and  
10 each reported the company in good standing. A  
11 site inspection conducted at the Maine facility  
12 by the investigators and no security issues were  
13 detected. There were no investigative or  
14 statutory issues that would preclude the company  
15 from being granted a temporary suppliers license  
16 pending completion of the full investigation.

17 The second company is Kilmartin Industries,  
18 Inc. Kilmartin Industries, Inc. dates back to  
19 1927 when it was formed as Kilmartin Tool  
20 Company. After various changes the company is  
21 now known as Kilmartin Industries, Inc., doing  
22 business as Roger Williams Mint. The company is  
23 a privately held corporation solely owned by John  
24 M. Fulham who runs the business. The company  
25 supplies gaming tokens and currently does

1 business in Nevada, Missouri and cruise ships.  
2 The company has license applications pending in  
3 Louisiana, Mississippi, New Jersey and Indiana.  
4 The company plans to do business with Trump  
5 Casino. A site inspection of the company's  
6 facilities in Attleboro, Massachusetts was  
7 conducted and no security concerns were  
8 identified. There were no investigative or  
9 statutory issues developed that would preclude  
10 the company from being granted a temporary  
11 suppliers license pending completion of the full  
12 investigation.

13 We would recommend that both companies be  
14 granted a temporary suppliers license.

15 CHAIRMAN VOWELS: Is there any motion to  
16 grant the temporary suppliers license?

17 COMMISSIONER MILCARKE: I would make a  
18 motion to grant the temporary suppliers license.

19 CHAIRMAN VOWELS: Is there any second to  
20 that motion?

21 CHAIRMAN ROSS: Second.

22 CHAIRMAN VOWELS: Is there any  
23 discussion or questions for Mr. Hannon? All  
24 those in favor of adopting Resolution 1997-35  
25 approving the issuance of the temporary suppliers

1 license granting a temporary suppliers license to  
2 Southwest Systems Limited say aye. Show the  
3 Resolution 1997-35 is approved. And then Mr.  
4 Hannon.

5 MR. FLOYD HANNON: We have two companies  
6 that we're ready to license permanently, the  
7 first being the Old Philadelphia Mint. The Old  
8 Philadelphia Mint Company is located in  
9 Havertown, Pennsylvania. It's a privately held  
10 corporation that manufactures tokens. The  
11 company currently does business with one of the  
12 Indiana riverboats. The company was issued a  
13 temporary suppliers license on October 17th of  
14 '95. The president of the company, Edward Levin,  
15 is also the 100 percent owner. The company is  
16 licensed to do business in nine jurisdictions and  
17 no information was developed that would prevent  
18 the company from being issued a permanent  
19 suppliers license.

20 The second company is GDC, Inc. It is also a  
21 manufacturer of tokens. The company has its  
22 corporate offices in Hernando, Mississippi, and  
23 has a minting facility there and one in Las  
24 Vegas. The company dates back to 1906 when it  
25 was started in Chicago as the Green Duck Company.

1 It is currently owned by a U.S. holding company,  
2 IMI America that is itself owned by IMI, PLC, a  
3 British company. GDC was issued a temporary  
4 license on November 17th of '95 and currently  
5 does business with two different Indiana  
6 riverboats. The company is licensed in fifteen  
7 different jurisdictions. No information was  
8 developed that would preclude GDC from being  
9 granted a permanent suppliers license.

10 If you grant these two companies a permanent  
11 suppliers license, it will be based on the fact  
12 that they agree and before they get the license  
13 they will pay all the investigative fees accrued  
14 to date and the \$5,000 license fee.

15 CHAIRMAN VOWELS: Is there a resolution  
16 or a motion adopting Resolution 1997-36?

17 COMMISSIONER SUNDWICK: I'll make a  
18 motion.

19 CHAIRMAN VOWELS: Second?

20 COMMISSIONER DARKO: Second.

21 CHAIRMAN VOWELS: Any further discussion?  
22 All those in favor of adopting Resolution 1997-36  
23 say aye. Show it's adopted. Then Miss Fleming,  
24 I believe we're back to you as far as request for  
25 reduction of bond Aztar Casino, Evansville.



1 MS. KAY FLEMING: Aztar made payments on  
2 July 7, 1997, August 6, 1997, September 26, 1997  
3 and October 13, 1997. Each payment was identical  
4 and in each payment the components were  
5 \$83,332.33 to Downtown Revitalization; \$16,666.67  
6 for Economic Development; and \$4,166,67 to Pigeon  
7 Creek Greenway. Therefore, each payment totaled  
8 \$104,166.67. As a result, the letters of credit  
9 issued by Aztar can be reduced in the moment of  
10 \$416,666.68.

11 CHAIRMAN VOWELS: In reference to this  
12 action, the request to reduce the letter of  
13 credit for Casino Aztar, is there any motion?

14 COMMISSIONER BOCHNOWSKI: I move that we  
15 reduce the letter of credit by the amount --

16 CHAIRMAN VOWELS: Any second?

17 COMMISSIONER SUNDWICK: Second.

18 CHAIRMAN VOWELS: Is there any further  
19 discussion? All those in favor say aye. Show  
20 it's reduced.

21 MS. KAY FLEMING: The next matter is the  
22 request to reduce the surety bond posted by Grand  
23 Victoria Casino and Resort, LLC. On or before  
24 October 20, 1997, Grand Victoria made following  
25 payments to the City of Rising Sun: \$363,500 to

1 the redevelopment plan; \$92,697 to the tourism  
2 obligation; \$72,504 to the treatment plant.  
3 \$1,200,000 of the bond was set aside as the  
4 delayed payment for the construction of the hotel  
5 which has been completed and, as a result, that  
6 amount can be released, and additionally,  
7 pursuant to the bond, Grand Victoria was to loan  
8 the city of Rising Sun \$284,000 if requested for  
9 the treatment plant. The city has indicated that  
10 they do not need that money as a loan and Grand  
11 Victoria has requested that that amount be  
12 released. As a result, their surety bond can be  
13 reduced in the total amount of \$2,012,701.

14 CHAIRMAN VOWELS: Is there a motion on  
15 this action?

16 COMMISSIONER SUNDWICK: I'll make a  
17 motion.

18 CHAIRMAN VOWELS: And a second?

19 COMMISSIONER BOCHNOWSKI: Second it.

20 CHAIRMAN VOWELS: Is there any further  
21 discussion? We have a motion on this action,  
22 request to reduce the surety bond of Grand  
23 Victoria. All those in favor say aye. It's  
24 granted.

25 Now we're up to the application for renewal of

1 the certificate of suitability for RDI/Caesar's  
2 in Harrison County. We have a representative for  
3 RDI/Caesar's. If you'll state your name for the  
4 reporter.

5 TERRY MUMFORD: Good afternoon. My name  
6 is Terry Mumford with the law firm of Ice, Miller  
7 Donadio & Ryan and we represent Caesar's in  
8 Indiana. With me today are Michael Walsh who is  
9 the executive vice-president and chief operating  
10 officer of the project in Harrison County and  
11 from Caesar's World Peter Boynton, our president;  
12 Roberto Rivera-Soto, our general counsel, and  
13 David Mitchell, who many of you all know, our  
14 vice-president for development. We also have in  
15 attendance a number of Caesar's employees and  
16 consultants who will be available to answer your  
17 questions should you have any. We have also  
18 pleased to be supported by Harrison County  
19 officials, businesses and citizens, and many of  
20 them have representatives here today.

21 We are all here today to ask you to extend  
22 Caesar's certificate of suitability. In support  
23 of this request, I want to highlight for you some  
24 of our accomplishments in the past few months and  
25 to discuss with you our plans for future

1 progress. First, it's important to say that our  
2 proposed project is still the largest in Indiana  
3 with a construction budget of \$275 million, and  
4 we have either expended or committed \$150 million  
5 toward the project to date. The construction of  
6 our 452-foot-by-104-foot riverboat is on schedule  
7 at Service Marine in Louisiana. It should be  
8 launched in mid-November and should begin its  
9 voyage to Indiana by the first of February of  
10 '98.

11 The benefits of our project are already being  
12 felt in the community. As you recall, as soon as  
13 we got the certificate of suitability we made a  
14 \$5 million contribution to the Harrison County  
15 Foundation. The income on that grant is now  
16 being used to make additional grants in the  
17 community, probably to the tune of about  
18 \$116,000. On top of that Caesar's has made  
19 itself \$70,000 in charitable contributions this  
20 year so far. We have conducted an incredibly  
21 successful job fair this year which have led to  
22 our having approximately four hundred indivi-  
23 duals, most of them from Indiana, in training  
24 right now.

25 We have continued our responsible approach to

1 development. In addition to the commitment we  
2 made to you back in February of placing 110 acres  
3 of our property under a conservation easement, we  
4 have agreed with Harrison County officials to  
5 build our off-site golf course in accordance with  
6 Audubon guidelines and we are exploring how to  
7 apply those guidelines to the balance of our  
8 site, including our golf academy.

9 After your last meeting where we explained to  
10 you what we had done to avoid impacting the  
11 uplands area and in the Ohio River, the citizens  
12 groups who are concerned about our project turned  
13 their attention to Knob Creek which traversees  
14 our site. As part of the regulatory process, we  
15 feel we have addressed all of the issues that  
16 relate to Knob Creek so there will be no adverse  
17 impact in that area either. In addition, we have  
18 devoted considerable of our resources to the  
19 preservation of archeological and cultural  
20 resources on our site. Our budget for archeo-  
21 logical work is turning out to be about five  
22 times bigger than we anticipated.

23 Also, harkening back to February, I think you  
24 will recall Mr. Porter who spoke to you, one of  
25 our adjacent land owners, who had concerns about

1           how Caesar's project would affect his site.  
2           Since that time we have negotiated with Mr.  
3           Porter and have reached an agreement for the  
4           purchase of his property and we should close on  
5           that sale later this week.

6           Now I'd like to update you on some specific  
7           regulatory and permitting issues. With help of  
8           our consultants and experts, we have obtained the  
9           state permits that are required for construction  
10          of a main project. There are two that I want to  
11          particularly focus on. First, our water quality  
12          certification has been issued by the Department  
13          of Environmental Management. The water quality  
14          certification becomes -- will become a part of  
15          our Corps permit as like a precursor permit to  
16          the Corps permit. In that certification IDEM has  
17          set forth approximately twenty conditions that  
18          relate to construction on our site, environmental  
19          studies, buffer zones, a number of items designed  
20          to preserve water quality. That certification is  
21          in effect. It is under appeal, but we are  
22          pursuing -- we're adhering to the conditions in  
23          that certification at this time.

24          The second permit that I want to mention is  
25          our construction and floodway permit which has

1           been issued by the Department of Natural  
2           Resources. That is an independent state permit  
3           that governs construction in the floodway of the  
4           Ohio. We have received that permit. It's  
5           currently in effect, although it is under appeal.

6           The third matter I want to mention to you in  
7           terms of state regulation concerns our traffic  
8           study. There have been some press reports about  
9           questions that have been raised about the traffic  
10          study. Despite the fact that the Indiana  
11          Department of Transportation had signed off on  
12          our traffic study as the basis for their road  
13          improvements leading to our project, it turns out  
14          that Idem and a Kentucky agency have raised some  
15          questions. We've investigated the source of  
16          those questions and we think this is actually one  
17          of those cases that can adequately and accurately  
18          be described as an apples to oranges comparison.  
19          It is difficult, as you can imagine, to sort  
20          through all the different numbers, all the  
21          vehicle counts that go into a traffic study, but  
22          when you work your way through it, it ends up if  
23          you actually compare apples to apples, the  
24          Caesar's study and the study that we've been  
25          compared to, the Aztar study, end up being

1 consistent. In the papers it's been reported  
2 that our traffic study would have shown that we  
3 anticipated that fewer vehicles would come to  
4 Caesar's than come to Aztar. That is not what  
5 our traffic study assumes. We do assume that a  
6 greater number of vehicles will come to Caesar's  
7 than to Aztar, but when you compare them apples  
8 to apples, we believe the studies are consistent.

9 In addition to the state permits, at the local  
10 level we have our zoning in place and we believe  
11 that as soon as we get our formal approval for  
12 our entrance permit from INDOT we will have our  
13 county building permit. What that means is that  
14 from the state perspective and from the county  
15 perspective we should be ready to begin  
16 construction by the end of this month, and if we  
17 could begin then, that would mean that we would  
18 be able to open with a permanent vessel and  
19 temporary facilities be in the spring of 1998,  
20 but the final permit that has not fallen into  
21 place is the Army Corps permit, and I want to  
22 give you a brief status report on that at this  
23 time.

24 As you know, the Army Corps permit, the  
25 jurisdiction of the Army Corps permit is to



1 control activity below the ordinary high water  
2 mark of the Ohio River, and this affects the  
3 dredging and the construction of one of our  
4 mooring cells. What remains to be done on this  
5 Army Corps permit is a final agreement on the  
6 memorandum of agreement which controls the  
7 handling of archeological resources on the site.  
8 The Corps is responsible for the drafting of the  
9 MOA which must eventually be approved by a  
10 Washington, D.C. agency. Once the MOA is signed  
11 and goes to Washington, we anticipate that it  
12 would come back here in about thirty days and at  
13 that time the Corps could proceed with its  
14 environmental assessment and make its permitting  
15 decision.

16 We realize and respect the fact that the Corps  
17 must follow all of its internal procedures both  
18 with respect to archeological issues and with  
19 regard to the permit itself. But so that we may  
20 be able to open sooner rather than later, we must  
21 explore the possibility that other applicants  
22 have pursued that we would proceed with con-  
23 struction that is outside the Corps' jurisdiction  
24 before the Corps issues its permit. I want to be  
25 clear this is not a decision that has been made,

1 but an option we will be considering over time in  
2 consultation with the Corps and in consultation  
3 with other regulatory agencies.

4 Before I close, let me comment on one last  
5 item that I think is of interest to you, and that  
6 is the attempted takeover of ITT by Hilton. The  
7 most recent development on that front occurred  
8 this week on Monday when it was announced that  
9 ITT had entered into an agreement with Starwood  
10 Lodging for a merger. This merger would result  
11 in Starwood's other pending acquisition of Westin  
12 completed and the world's largest hotel company.  
13 Under the plan of merger ITT, as it exists today,  
14 will become a wholly owned subsidiary of Starwood  
15 and all ITT obligations will remain in place.  
16 This transaction will be subject to shareholder  
17 and gaming authority and antitrust approval.  
18 There will be with an ITT shareholders meeting  
19 November 12th at which the questions of the  
20 merger and the takeover are anticipated to be  
21 addressed.

22 In closing let me just mention three things.  
23 First of all, this is a really great project and  
24 a great location. This will be a true destination  
25 resort with all of the amenities. The steps that

1 have been taken and will be taken to preserve the  
2 environment and cultural resources will make this  
3 the example of a responsible development.

4 Secondly, when the full project is open there  
5 should be 2,400 new jobs with anticipated wages  
6 of over \$50 million, and this will be in addition  
7 to the 1,500 jobs that are generated directly by  
8 construction.

9 Third, Harrison County is anticipating to  
10 receive \$25 million annually from this project,  
11 and this will permit them to have improved  
12 infrastructure and will provide funding for  
13 projects for which there is currently no funding.  
14 As you all aware, Harrison County took a long  
15 time developing its priorities for the expendi-  
16 tures of its funds and we support their efforts  
17 to address their priorities.

18 Let me end where I began, and that is in  
19 asking you all for the extension of the certifi-  
20 cate of suitability for Caesar's, and I thank you  
21 for your time, and we have people here to address  
22 your questions, if you should have any.

23 CHAIRMAN VOWELS: Any of the  
24 commissioners have any questions for Miss  
25 Mumford?

1                   COMMISSIONER BOCHNOWSKI: I have a real  
2                   quick one. I kind of got a little confused in  
3                   the description of the takeover and merger.  
4                   You're merging with the one company and then how  
5                   does Hilton fit in? Is that -- I wasn't quite  
6                   sure if that's to prevent Hilton from taking over  
7                   or if then Hilton will become an owner. Just  
8                   explain that to me again.

9                   TERRY MUMFORD: I will give you a brief  
10                  sentence and then Roberto Rivera-Soto, our  
11                  general counsel, can comment. This will be what  
12                  I've described to you as a merger between  
13                  Starwood Lodging and ITT.

14                 COMMISSIONER BOCHNOWSKI: I got that.

15                 CHAIRMAN VOWELS: Does that have anything  
16                 to do with Hilton?

17                 COMMISSIONER BOCHNOWSKI: Does that have  
18                 anything to do with Hilton? Will Hilton then try  
19                 to take over Starwood?

20                 CHAIRMAN VOWELS: Is there any connection  
21                 between Starwood and Hilton?

22                 TERRY MUMFORD: Not that I'm aware of.

23                 COMMISSIONER BOCHNOWSKI: That was my  
24                 confusion.

25                 CHAIRMAN VOWELS: Sir, would you state

1 your name for the reporter.

2 ROBERTO RIVERA-SOTO: Mr. Chairman and  
3 members of the Commission, my name is Roberto  
4 Rivera-Soto.

5 CHAIRMAN VOWELS: Just briefly. We don't  
6 need to get into it too much because tomorrow  
7 we'll be hearing more indepth about this. Is  
8 there any connection between Hilton and Starwood  
9 as far as that [inaudible]?

10 ROBERT RIVERA-SOTO: There is no  
11 connection. The net effect would be this would  
12 be in lieu of a proposed tender offer that is  
13 made by Hilton.

14 CHAIRMAN VOWELS: Does that answer your  
15 question?

16 COMMISSIONER BOCHNOWSKI: I just wanted  
17 to make sure -- I'm assuming you sought this out  
18 in order to prevent --

19 ROBERTO RIVERA-SOTO: Yes and no. We  
20 sought it out as much as any other hostile tender  
21 offer, there is always the availability of what  
22 is called a white knight, and in this case  
23 actually Starwood had expressed its interest very  
24 early on. That interest was sort of placed in  
25 abeyance because we explored other avenues in

1 which defeat the hostile tender offer, but within  
2 the last year, which has been a rather busy one,  
3 their interest was rekindled and our discussions  
4 they led to essentially around-the-clock negotia-  
5 tions and board meetings that were held Sunday  
6 evening and the execution and delivery of a  
7 definitive merger dated as of October 19, 1995.  
8 I have a copy of that agreement marked confiden-  
9 tial which I will be happy to hand out to the  
10 Executive Director for staff's review. I do note  
11 that unfortunately right now it must remain  
12 confidential during the quiet period.

13 COMMISSIONER BOCHNOWSKI: We understand  
14 that and we've dealt with that before. You did  
15 mention that this company that will be merging  
16 with has Westin hotels. Are they connected with  
17 any other project that we have anywhere else in  
18 the state?

19 ROBERTO RIVERA-SOTO: As far as I know,  
20 Commissioner, they are not. Their acquisition of  
21 Westin is actually a pending acquisition which is  
22 due to close, I believe, either December or  
23 January. We have no definitive closing date in  
24 our agreement, but our expectation is that our  
25 closing will occur probably in March of 1998.

1 CHAIRMAN VOWELS: Any other questions  
2 for Miss Mumford or any of the other team?

3 COMMISSIONER SUNDWICK: I have a couple  
4 questions. How many dollars have you spent? You  
5 went through a litany of dollars. How many  
6 dollars have actually been spent on \$275 million  
7 proposed?

8 TERRY MUMFORD: Seventy. The hundred  
9 fifty --

10 COMMISSIONER SUNDWICK: The \$70 million  
11 has been spent. What has the \$70 million been  
12 spent on?

13 ROBERTO RIVERA-SOTO: Mr. Chairman, this  
14 is Mr. Michael Sesko who is our project manager  
15 for this project.

16 CHAIRMAN VOWELS: Is that information  
17 Commissioner Sundwick asked you, is that in here  
18 somewhere in this report that we received? Off  
19 the top of your head, do you know?

20 TERRY MUMFORD: I don't think we have  
21 that itemized.

22 CHAIRMAN VOWELS: Go ahead and address  
23 this question.

24 MICHAEL SESKO: The boat, as we stated  
25 earlier, is under construction in progress. We

1 expect to put it in the water mid-November, 14th  
2 or 15th of this next month. It's 85 percent done  
3 in the shipyard. The overall cost of the boat  
4 was in excess of \$45 million. We have purchased  
5 elevators and escalators for the entire site, not  
6 only including the boat, but all of the land site  
7 facilities, including the hotel project. We have  
8 also purchased the sheet piling for the mooring  
9 dock and the floating facility. All the  
10 structural steel for the bridge and the loading  
11 platform has been purchased in excess of  
12 \$2 million and is in fabrication and ready to  
13 ship to the site.

14 COMMISSIONER SUNDWICK: The last figure  
15 was two million? What were the escalators?

16 MICHAEL SESKO: Escalators were just  
17 over two million. We have also purchased or  
18 released the order for fabrication of the precast  
19 for the parking garage. That's in excess of  
20 three million, and that fabrication is in process  
21 now.

22 COMMISSIONER SUNDWICK: You haven't  
23 spent the money but you've got it committed?

24 MICHAEL SESKO: We've got it committed.  
25 We've spent some of the money. We have been



1           invoiced for some pre-engineering and shop  
2           drawings and things of that nature. Right off  
3           the top of my head --

4                        COMMISSIONER SUNDWICK: About twenty  
5           million short.

6                        MICHAEL SESKO: The roadways, the INDOT.  
7           Commitment for Phase II on INDOT roads is about a  
8           million one, million two. Phase I was four  
9           million.

10                      COMMISSIONER SUNDWICK: So really the  
11           majority of this money spent so far is on the  
12           boat?

13                      MICHAEL SESKO: Yes, majority of the  
14           money is on the boat, no question.

15                      COMMISSIONER MILCAREK: How about the  
16           land?

17                      ROBERTO RIVERA-SOTO: There's an  
18           additional \$2 million that have been spent on  
19           land acquisitions, plus another \$200,000 to be  
20           spent the end of this week.

21                      COMMISSIONER SUNDWICK: I have another  
22           question. You talk about the Corps permits. It  
23           sounds like everything is in place, all state  
24           permits, county permits. The only thing we're  
25           doing is waiting on procedural issue for the

1 Corps. It is just because they have this long  
2 drawn out deal we're that waiting around here  
3 doing this? Is that correct? Or is there still  
4 a problem?

5 TERRY MUMFORD: As I mentioned, the one  
6 item that we have yet to have them release is the  
7 memorandum of agreement on archeology. We think  
8 that is virtually complete and it is being worked  
9 through their process. We do not believe that we  
10 have any outstanding problems. We think we are  
11 in a processing phase at this point.

12 COMMISSIONER SUNDWICK: So if this is  
13 extended, it will be the last extension? Because  
14 if I understand this right, we just blame the  
15 government on their inability to perform because  
16 it's a sequential issue. That's the only thing  
17 we're waiting on is their inability to perform?  
18 Is that what we're saying?

19 TERRY MUMFORD: We are waiting for the  
20 Corps to release their memorandum of agreement  
21 and to have that be approved in Washington. If  
22 it does take a turnaround time in Washington, we  
23 have the memorandum agreement on archeology  
24 approved. There is a time we expect a 30-day  
25 window on that.

1                   COMMISSIONER SUNDWICK: I guess that  
2                   would be -- if we approve this again, this should  
3                   be the last time?

4                   TERRY MUMFORD: That would certainly be  
5                   our hope.

6                   MR. THAR: I've had a conversation with  
7                   Mr. Doug Shelton who has appeared before this  
8                   Commission on behalf of the Army Corps of  
9                   Engineers covering two things. What we will deal  
10                  with tomorrow, which we'll bring up tomorrow, and  
11                  also with regard to the Caesar's renewal. Mr.  
12                  Shelton had advised me as of yesterday that the  
13                  memorandum of agreement that Miss Mumford is  
14                  referring to has not yet gone out of the Corps  
15                  office. While he didn't say that they should  
16                  have had it out already, between the lines of  
17                  what he indicated and based upon my prior  
18                  discussions with him, that memorandum of  
19                  agreement as it pertains to the archeological  
20                  resources, should have gone out by this time, but  
21                  he indicated it is close to going out. That is a  
22                  period for which they have to wait. He indicated  
23                  that the time frame for the Corps to make its  
24                  final decision with regard to the environmental  
25                  impact study as well as remaining environmental

1 issues is between what he calls a Christmas  
2 timeline. Christmas for the Corps of Engineers  
3 lasts from December 1st to January 31st.  
4 Somewhere in that two-month period it is their  
5 hope they will make the final decision. So  
6 that's where the Corps stands on those two  
7 issues.

8 This has put Caesar's in between a rock and a  
9 hard place for this reason. Once they have all  
10 the state permits but not the Army Corps of  
11 Engineers permit, they could engage in what Miss  
12 Mumford referred to as the same type of work as  
13 some of the other applicants did. That is,  
14 construction work on the site at risk. Meaning  
15 that they could go ahead and start some construc-  
16 tion that's not within the Corps' jurisdiction  
17 but, yet, it would be at their risk because if  
18 they didn't get an Army Corps of Engineers permit  
19 any money they sunk into that construction is  
20 then lost. Caesar's has been in that position  
21 for eight weeks. Caesar's has come to the staff  
22 and to the Corps of Engineers and asked "What do  
23 you think if we start this construction?" Our  
24 response to them has been that would be great,  
25 but don't do it. For this reason. From a

1 business point of view, if they were to get an  
2 Army Corps of Engineers permit as of January 1st  
3 of 1998, they might as well get it in April  
4 because of the limitations on construction that  
5 are based on weather and then fish spawning. It  
6 will delay the construction. If they can start  
7 construction today they would be farther ahead  
8 and be able to open sooner, and so from a pure  
9 business point of view, it makes all the sense in  
10 the world for them to make that at-risk  
11 construction.

12 The flip side is -- removing party politics  
13 but looking at the controversy that their project  
14 has generated among the local population down  
15 there, among the environmental and citizens  
16 groups that are not in favor of this project.  
17 The Army Corps of Engineers feels if they were to  
18 start at-risk construction, which they could do  
19 today if they wanted to, that they will be  
20 beseiged by requests which will slow down the  
21 permitting process.

22 We have further advised them that this  
23 Commission has consistently taken the position  
24 that we are of the belief that no project will be  
25 started until all the proper licensing agencies

1 for the state and federal government have signed  
2 off on it. So consequently, while they may be  
3 ahead business-wise, they may very well be behind  
4 in terms of the issues and politics that  
5 surrounds the issuance of this permit.

6 So the bottom line is they haven't started  
7 construction because they don't have the Corps  
8 permit, number one, and number two, it's very  
9 high risk governmental bodies in this state and  
10 the Corps of Engineers for them to do so,  
11 although it's fully within their right to do so.  
12 So they have held off on what the one hand we  
13 would say is good corporate citizenship, but on  
14 the other hand, maybe from a straight dollar and  
15 cents point of view, maybe not for the best thing  
16 for the company to have done. But that's the  
17 choice they've been faced with for some weeks now  
18 and have, from my perspective, taken the high  
19 road. I think the reason Miss Mumford threw out  
20 the point that they are considering this issue is  
21 to get some direction from this Commission. If  
22 they were to begin that at-risk work without  
23 having the Army Corps of Engineers permit, what's  
24 this Commission's position going to be should  
25 various citizens groups or environmental groups

1 step forward and say, "Wait a second. Why are  
2 these people doing this when we don't have a  
3 Corps permit?" That's where they're at.

4 COMMISSIONER SUNDWICK: I'm trying to  
5 find out if we're assured that this Corps permit  
6 is going come through within the extension time,  
7 we get another extension. If it's going to come  
8 through, it's all done, then continuing the  
9 extensions until they can build is not an issue.

10 MR. THAR: The Corps permit should be  
11 granted during this next extension. Will they be  
12 open in that period? No.

13 COMMISSIONER SUNDWICK: Are we going to  
14 be sitting here again and the Corps say six  
15 months from now or eight months from now for  
16 whatever the people down there are mad about the  
17 mussels are we going to be sitting here and  
18 saying, well, we'd really like to get this thing  
19 going again. We still haven't got where we need  
20 to be.

21 MR. THAR: The Corps' schedule is to have  
22 that decision made between December 1st and  
23 January 31st and that would be between the six  
24 months.

25 TERRY MUMFORD: That's the point I

1 wanted to clarify that I may not have answered  
2 the question you asked. We do anticipate the  
3 Corps permit within this extension. That was --

4 COMMISSIONER SUNDWICK: That was the  
5 question. Thanks.

6 CHAIRMAN VOWELS: Any other commissioners  
7 have any questions?

8 CHAIRMAN ROSS: Is there any more  
9 activity on the gondola?

10 TERRY MUMFORD: Just to refresh what we  
11 said last time. What the agreement that we  
12 reached with the Corps was that we would take the  
13 gondola out of our existing permit application  
14 and we would not pursue the gondola until the  
15 Corps permit for the project was awarded. So we  
16 are in a holding pattern on the gondola.

17 MR. THAR: Dr. Ross, I think to be a  
18 little bit more definitive on that. In my  
19 discussions with the Army Corps of Engineers they  
20 take the position that if this gondola is out, if  
21 they approve the project without the gondola,  
22 which is their intention, they don't ever want to  
23 see it proposed again. That's the Corps'  
24 position.

25 CHAIRMAN VOWELS: So stop asking about



1 it.

2 COMMISSIONER BOCHNOWSKI: I see our  
3 traffic specialist over here. How are you -- do  
4 you feel the traffic studies were adequate? Do  
5 you feel comfortable what's being done?

6 UNIDENTIFIED SPEAKER: Yes, we're very  
7 comfortable.

8 CHAIRMAN VOWELS: I think we're going to  
9 get a report from him in just a little bit.

10 COMMISSIONER BOCHNOWSKI: Oh, good.

11 CHAIRMAN VOWELS: Are there any other  
12 questions of the Caesar's/RDI team?

13 MR. THAR: Two questions. Roberto, they  
14 may go to you or they may go to Mr. Boynton.  
15 With regard to Starwood. It's my understanding  
16 Starwood does not have any gaming properties  
17 presently within their portfolio so to speak.

18 ROBERTO RIVERA-SOTO: Actually they do.

19 MR. THAR: Do they?

20 ROBERTO RIVERA-SOTO: Which came as a  
21 surprise to most of us. They have a non-  
22 restricted gaming license in Las Vegas. The King  
23 8 Motel which -- our same reaction. Because it  
24 has 300 rooms therefore qualifies to have a  
25 non-restricted gaming license and in fact has it,

1 and as a result, Mr. [inaudible] who is the  
2 chairman and chief executive officer is  
3 personally qualified in the state of Nevada.

4 MR. THAR: Do they operate a casino?

5 ROBERTO RIVERA-SOTO: There's an  
6 operating casino hotel there.

7 COMMISSIONER SUNDWICK: Next time you're  
8 out there go check it out.

9 MR. THAR: Does this confidential  
10 agreement, to the extent you can comment on it,  
11 provide that Starwood would in fact keep a  
12 Caesar's gaming interest as well as the Harrison  
13 County riverboat certificate of suitability and  
14 that property as a part of this takeover, or is  
15 there any expression they would attempt to sell  
16 them?

17 MR. ROBERTO RIVERA-SOTO: There is none  
18 of what we would call a forward looking  
19 expression. The agreement/plan of merger is  
20 essentially a snapshot. It's the day we sign we  
21 are acquiring the following assets, and I think  
22 Terry made the description quite clearly and I  
23 guess I haven't been involved in it. One tends  
24 to make things much more complicated than they  
25 are. This is actually a very very clean trans-

1 action. The net effect of what happens is that  
2 instead of having ITT itself owned by public  
3 shareholders, ITT would have then one shareholder  
4 which would be Starwood Lodging Trust, and  
5 Starwood Lodging itself is publicly traded on a  
6 [inaudible] share basis.

7 MR. THAR: But there's no statement right  
8 now that they intend to either keep or divest  
9 themselves of any interest in the casino  
10 operations?

11 MR. ROBERTO RIVERA-SOTO: No, the only  
12 thing I can tell you that may go to that,  
13 although it doesn't address it on all four  
14 squares, is that there is a commitment for  
15 assumption of all plans and responsibilities of  
16 all the subsidiaries of ITT. So at least on a  
17 going forward basis there is that representation.

18 MR. THAR: Thank you. With regard to the  
19 at-risk work issue, that is something Miss  
20 Mumford indicated you're still considering.  
21 Which way are you leaning?

22 MR. ROBERTO RIVERA-SOTO: It depends on  
23 which way the wind is blowing at the time. We  
24 are looking at it based upon where are we in the  
25 process with the Corps of Engineers, what

1           representations we get from them as to our  
2           status, our continuing discussions with you and  
3           your staff and, frankly, the timing, I think you  
4           hit the nail squarely on the head. There is a  
5           time of year when it simply isn't prudent to  
6           commence construction because you're going to  
7           have to stop it or you're going to be delayed or,  
8           even if you start it today, the time that you  
9           would win on the other end because of weather and  
10          the like is so minimal that it doesn't make sense  
11          to start today. We are reviewing it at the very  
12          least on a weekly basis. We hold weekly  
13          conference calls among the construction operation  
14          and corporate people, and we would have liked to  
15          have started construction in September.  
16          September came and went. We weren't able to.  
17          October looks like it will come and go and we  
18          will not be able to do it then, but we would very  
19          much like to get construction done as quickly as  
20          possible. We made a commitment to this Commission  
21          and to the people of Harrison County to get up  
22          and going as quickly as possible, to get the  
23          revenue stream going, and that's what we would  
24          very much like to do.

25                   MR. THAR: Thank you. That's all I have.

1                   COMMISSIONER SUNDWICK: I have another  
2 question. You asked a couple questions about  
3 their arrangements. They also offered for us to  
4 see this agreement.

5                   MR. ROBERTO RIVERA-SOTO: I have it here  
6 and with the Chairman's permission --

7                   COMMISSIONER SUNDWICK: If you have some  
8 questions about it, maybe you'd like to review  
9 it. Doesn't make any difference to me. Probably  
10 in that envelope.

11                  MR. ROBERTO RIVERA-SOTO: I have it for  
12 you and, with the Chairman's permission, I would  
13 approach and hand it to Mr. Thar. I don't wish  
14 the reading of this agreement on anybody. It's  
15 110 pages single-spaced. I'd be happy to give it  
16 to you.

17                  MR. THAR: Thanks, Bob.

18                  COMMISSIONER SUNDWICK: I withdraw my  
19 question.

20                  MR. ROBERTO RIVERA-SOTO: My last visit  
21 to the ophthalmologist told me I was graduating  
22 from bifocals to trifocals. I think this has  
23 something to do with that, but I'd be happy to  
24 hand it out.

25                  MR. THAR: How about if we get it at the

1 break.

2 CHAIRMAN VOWELS: Any other questions for  
3 the RDI/Caesar's group? We have some other  
4 people to address the certificate. Mr. Motley,  
5 Save our Rivers. Good afternoon, Mr. Motley.  
6 Mr. Motley, I just want to disclose for the  
7 record the situation. There was a member of your  
8 family, not your immediate family, but I  
9 represented in Evansville, Vanderburgh County,  
10 and was paid by the county for the representation  
11 of this member of your family. You and I had  
12 briefly discussed the outcome, as a matter of  
13 fact exactly what came out I think last spring  
14 when we were here. I just want to make that  
15 known to everyone. You and I have no connection  
16 as far as any legal representation. Neither you  
17 nor any member of your family paid me for that  
18 representation. As a matter of fact, Vanderburgh  
19 County paid me for that representation.

20 MR. MOTLEY: Yes, sir.

21 CHAIRMAN VOWELS: I just wanted to  
22 disclose that. Mr. Motley, it's good to see you  
23 again. Why don't you tell us what you have to  
24 say.

25 MR. MOTLEY: Mr. Chairman and Members of

1 the Commission, commission staff, my name is Don  
2 Motley. I'm spokesperson for Save Our Rivers.  
3 You have a packet there in front of you that you  
4 might want to follow along. Our first issue is  
5 the water quality certification and, again, that  
6 is in administrative review. That hearing has  
7 been set for the 8th and 9th of January, 1998,  
8 but there's one specific condition that I believe  
9 this Commission will need to deal with, and that  
10 is Condition D, No. 15D. Should RDI/Caesar's  
11 fail to demonstrate to the satisfaction of IDEM  
12 that the decline in mussel community is not due  
13 to the riverboat operations, RDI/Caesar's will  
14 be required to remediate all problems which may  
15 include but shall not be limited to modifications  
16 to the cruise route. What could this modification  
17 mean? Caesar's has already stated in other  
18 documents and before this Commission they could  
19 not cruise upstream. So where does the boat go?  
20 If this condition is upheld, that boat's going to  
21 be docked. It's not going to be able to cruise  
22 because of the mussel beds, and that's something  
23 I think this Commission is going to have to look  
24 at sooner or later.

25 The second issue is air quality. Judy

1 Newlin -- Joyce Newlin, pardon me, IDEM's former  
2 senior environmental manager of the transpor-  
3 tation ozone section -- and the document's in  
4 there and it's highlighted. Under Title 1 of the  
5 CAAQAM is required to factor emissions from any  
6 development within a 25-mile radius of a  
7 non-containment area for its influence on air  
8 quality. Proposed casino certainly meets these  
9 requirements. She goes on and talks about IDEM  
10 making question with IDEM, with the Army Corps of  
11 Engineers. She goes on -- if you look at the  
12 highlighted areas. According to the EPA  
13 Transportation Regulation 40CFR Part 51, a  
14 regionally significant project is defined as a  
15 transportation project that is on a facility  
16 which serves regional transportation needs such  
17 as access to and from an area outside a region.  
18 We also have a letter from -- and we have her  
19 comparison of the Aztar and Caesar's study. And  
20 what were the traffic assumptions based on? They  
21 appear to be grabbed out of the air. Again, she  
22 was the senior director of the transportation  
23 ozone section.

24 We then have a letter from the Jefferson  
25 County, Kentucky Department of Environmental



1 Management, their pollution control district.  
2 Our assessment of the air quality analysis is  
3 that it is insufficient due primarily to the  
4 inadequate traffic study.

5 Our third issue is a floodway line. That was  
6 redefined to move the hotel closer to Caesar's  
7 pavillion and parking area. I will now try to  
8 elaborate on this. We have a hydrologist that  
9 we've hired to do our studies and things. I'm  
10 just going to highlight the three things that he  
11 talks about, and you have two letters in your  
12 packet. One, they're ignoring the established  
13 100-year profile; two, the removal of the levees  
14 east on the Kentucky side of the Ohio River; and  
15 three, not analyzing the impact of putting  
16 structures in the floodway. That is also under  
17 administrative review, and that hearing is not  
18 set until March 2nd through the 6th.

19 Our fourth issue is the MPDS permit. Without  
20 that permit they will not be able to discharge  
21 their sewage from their sewage treatment plant.  
22 There has been a public hearing set up for  
23 November 4th in Harrison County, and at that time  
24 we'll present our issue and a request to move the  
25 outfall or discharge to another location.

1           The fourth issue is a mussel bed. We've  
2           stated in documents and letters from Dr.  
3           Schuster, Dr. Pierson that the present studies  
4           are flawed. IDEM, one of the requests was they  
5           had to do a pre-construction survey, which they  
6           did August 17th through the 23rd in what I  
7           consider less than favorable conditions. The  
8           visibility for the divers was six to ten inches.  
9           They had to be weighted down with 80 pounds of  
10          weight in order to stay on the bottom of that  
11          river. How well of a study could you perform if  
12          you had 80 pounds of weight and you could only  
13          see six to ten inches in front of you and you're  
14          using a quarter meter grid piece of aluminum  
15          placing that on the bottom of the river?

16                 We also have a letter from Dr. Pierson talking  
17                 about a [inaudible] that was found that's on the  
18                 Kentucky endangered list, and in his opinion, the  
19                 finding of at least three federally endangered  
20                 species and one endangered species in this  
21                 number, along with the inserting of signing a  
22                 real age to the whether dead category raises new  
23                 questions about the presence of live endangered  
24                 mussels at this site and certainly the Kentucky  
25                 listed species are present.

1           The sixth issue is non-environmental. It's  
2           safety and encroaching of Kentucky waters. This  
3           is a drawing that was submitted to the plan  
4           commission and they had date stamped on the 27th  
5           of March. If you look at this drawing, they  
6           stated at the last commission meeting they had  
7           110 feet of water or 135 feet of water to work  
8           in. If you look at the protective cells where  
9           they are located and measure from the protective  
10          cell to the state line on their drawing, not  
11          mine, you have approximately 106 feet. Their  
12          boat is 105 feet. So are they going to be  
13          encroaching?

14          The other issue is safety. You have two  
15          mooring cells that protect only three portions of  
16          that boat. If you'll measure, there's  
17          approximately one quarter of that boat still  
18          unprotected for collision on that one fourth of  
19          the boat or into the side of the boat. Again, I  
20          have a ruler. The scale is on the map. If  
21          anyone would like to check that out. Can they  
22          move the cells back? I don't think they can move  
23          the cells back because it's going to require --  
24          the same as the hotel. Now that they moved and  
25          redefined the floodway line, what happens if the

1 DNR challenge we prevail and the floodway line is  
2 not in the right place? They're going to have to  
3 move the hotel again.

4 In closing, the Corps has stated -- and if  
5 you'll look at the last page. Again, this is a  
6 copy that was sent to Dr. Claude Baker. Corps of  
7 Engineers has said the only thing that they are  
8 looking at between December and January is that  
9 EIS. They state we cannot give you a time frame  
10 when the permit may be issued or denied. I don't  
11 think December and January is a good time frame  
12 to look at because the Corps in this letter says  
13 they cannot give a time frame for the issuance or  
14 the denial. They are looking at the EIS at that  
15 time.

16 I feel we have presented several new issues  
17 today that's not been presented before. The  
18 issue -- a new issue that just came was presented  
19 earlier by Caesar's is the takeover of ITT. If  
20 you happen to look at the -- I think I have a  
21 copy in some of your packets. It was out of the  
22 Wall Street Journal. They talk about this  
23 company being tax exempt in certain categories  
24 and things. My concern there is do they come out  
25 now that they're tax exempt and the county and

1 state loses funding. Again, that's a new issue  
2 because it just came out in the Wall Street  
3 Journal yesterday.

4 How much has the state and county lost in  
5 revenues with the delay after delay. I remember  
6 Caesar's saying in May if they was awarded the  
7 letter of suitability that they'd have a permit  
8 in about six months and three months later they  
9 would be in operation. It's some seventeen  
10 months later and they're no farther today than  
11 they were seventeen months ago on starting  
12 construction because every permit that has been  
13 issued is in administrative review, and it  
14 doesn't stop there. After administrative review  
15 there's fiscal review. The Army Corps of  
16 Engineers has already received documents from the  
17 Kentucky Natural Resources on issues of starting  
18 or establishing a lawsuit that they do not do any  
19 EIS. So how long are you going to allow -- let  
20 me rephrase that. Now one must look at how long  
21 this Commission will stand by and allow RDI/  
22 Caesar's to continue to assault an environmental-  
23 ly sensitive and therefore inappropriate site at  
24 Bridgeport without the state or county receiving  
25 revenues? Thank you.

1                   CHAIRMAN VOWELS: Thank you, Mr. Motley.  
2                   Any of the commissioners have any questions for  
3                   Mr. Motley?

4                   COMMISSIONER BOCHNOWSKI: Well, you know,  
5                   I think some of these issues were brought up  
6                   right from the beginning. I really appreciate  
7                   your concern for the river. I know that we've  
8                   had this situation before and as a commission  
9                   we've really learned a lot about how different  
10                  regulatory bodies work. The Army Corps of  
11                  Engineers is truly out of our hands. We've had  
12                  that happen with other environmentally sensitive  
13                  areas, and personally I'm happy that they spend a  
14                  lot of time. If that means we have to extend the  
15                  certificate until they're absolutely certain that  
16                  everything is going to be okay. You've raised  
17                  questions. Kind of in a position where I think  
18                  we need to go ahead with this and trust in the  
19                  Army Corps of Engineers and some of these other  
20                  regulatory agencies who do study these issues. I  
21                  mean we get conflicting reports. We get one  
22                  study from one group and one study from the other  
23                  group and they don't match, so we do have to  
24                  depend on the Army -- I mean we are at that point  
25                  where we really have to depend on them to do

1 their job to make sure Caesar's does their job as  
2 far as the environment goes.

3 MR. MOTLEY: That's one of IDEM's  
4 conditions to their permit. If there's decline  
5 in the mussel bed, they're going to have to  
6 change their cruise pattern. If they can't  
7 cruise and they have to remain dock, that's a  
8 violation of the must cruise law. It's not a  
9 safety issue on that mussel bed. So what happens  
10 then?

11 COMMISSIONER BOCHNOWSKI: But we don't  
12 know if it's going to happen. That's what I'm  
13 saying. I'm saying we are just going to have  
14 to -- I mean that doesn't sound adequate  
15 possibly, but deal with those thing as they  
16 occur.

17 COMMISSIONER SUNDWICK: I think  
18 [inaudible] the issues that you raise are  
19 environmental issues to the Corps of Engineers  
20 takes into -- under consideration, and what  
21 you've just said is true. They're going to come  
22 back and say no and they can't cruise and then we  
23 got another thing to face us. We just asked  
24 them. They'll get these permits in the next six  
25 months. This should be over.

1 MR. MOTLEY: The cruise -- I think on  
2 whether they could cruise over that mussel bed or  
3 not is an IDEM issue, a 411 quality permit.

4 COMMISSIONER SUNDWICK: They'll still  
5 have to come back to this commission and say  
6 "Well, we got everything but we really can't pull  
7 the boat away from the dock." Well, probably  
8 have a lot of problems if that happens.

9 COMMISSIONER BOCHNOWSKI: We're committed  
10 to cruising and we're committed to [inaudible].

11 MR. MOTLEY: Again, the issue of a  
12 105-foot boat getting around 106 foot between the  
13 cell, protective cell and the state line. That  
14 was specifically Mr. Swan and Chairman Vowels'  
15 questions February 20th about them encroaching on  
16 Kentucky waters, and they were assured they  
17 had -- I think in one transcript says 135 feet,  
18 and plainly on this drawing it does not show 135  
19 feet. Again, if you continue to give them the  
20 letter of suitability you are basically  
21 continuing to tell them to spend their money.  
22 They keep coming back saying we spent 150 million  
23 or have contracts and things to that effect.  
24 Then today we hear 70 million, and they keep  
25 spending this money, and I can see where the



1 Commission stands saying, well, we've got to give  
2 them another letter of suitability because they  
3 spent all this money.

4 COMMISSIONER SUNDWICK: Let me tell you  
5 something. If they can't cruise that boat and  
6 it's going to be tied up at the dock, before I  
7 spend another dime on anything I'd figure out  
8 what you said. That's not true. They're making  
9 a big gamble. I wouldn't spend the next dime if  
10 that was true. If what you say is true and  
11 they're going -- somebody is going to tell us  
12 that.

13 MR. MOTLEY: It's their drawing.

14 COMMISSIONER SUNDWICK: I'm just telling  
15 you. That's just good common best sense. I'm  
16 not going to tell them how to run their business.  
17 I wouldn't spend a dime if I didn't think I could  
18 pull that boat away from the dock.

19 MR. MOTLEY: Like I said, this is their  
20 drawing. Thank you.

21 CHAIRMAN VOWELS: Any other questions?  
22 Let's go to Doug Brown. Mr. Brown, I believe you  
23 will address the Commission.

24 DOUG BROWN: Thank you, Mr. Chairman.  
25 My name is Doug Brown. I represent Carmel Hotels

1 and Casinos and their Indiana gaming subsidiary  
2 in Harrison County Gaming Company LLC. Perhaps  
3 for Commissioner Darko and perhaps mainly for his  
4 benefit, probably give you a little history. We  
5 were an unsuccessful candidate for the certifi-  
6 cate that Caesar's now holds, which I know the  
7 rest of the commission is well aware of. We  
8 submitted in the last go-around voluminous  
9 documents on February 11th stating all the reaons  
10 we felt the certificate of suitability of  
11 Caesar's at that time should not be extended and  
12 we believe that we submitted at that time  
13 irrefutable evidence that all the problems  
14 associated with this project on the site that  
15 have been addressed here today, and have been  
16 addressed for the last eight or nine months, were  
17 all either known or should have been known to  
18 Caesar's at the time that the application was  
19 filed and the time of the hearing occurred at  
20 which they received the certificate of suit-  
21 ability. We would respectfully ask that that  
22 document be reconsidered with respect to today's  
23 proceeding and be entered into the record of  
24 these proceedings.

25 We have taken the liberty of preparing two

1 additional pages of materials for purposes of  
2 today which we think are going to be interesting  
3 and instructive to the Commission. If I might,  
4 Mr. Thar, pass these out. We thought it would be  
5 interesting to take a look at what the delay in  
6 this project is costing the State of Indiana, the  
7 people of Indiana financially. If you'll turn to  
8 page two, that is a table which shows boat by  
9 boat that's open in Indiana today how long it  
10 took them to get from a certificate of  
11 suitability issuance to the opening of the boat.  
12 You'll see that the shortest period of time was  
13 Hammond, Lake Michigan Charters, 224 days. The  
14 longest period of time were the two Gary boats at  
15 545 days. All the boats in operation today in  
16 Indiana, the average period of time that it took  
17 from the time they received their certificate  
18 until the time that they began operations was 443  
19 days. You'll note on that table that RDI/  
20 Caesar's is today 520 days and counting.

21 What does that mean financially? We didn't  
22 want to take figures out of our application as to  
23 what the financial implications of this are, nor  
24 did we think it was appropriate to take them out  
25 of Caesar's application. I thought the best

1 thing to do was take the figures out of SPEA's  
2 report, your own consultant. Page one indicates  
3 what the revenues, first year revenues of this  
4 project are estimated by SPEA to be. You will  
5 note that the state and local direct tax and  
6 indirect tax revenues total some \$73 million  
7 which totals \$202,000 per day. Again, that's  
8 directly out of SPEA's report of April 1996. In  
9 addition to that, this project is supposed to  
10 generate 902 non-construction jobs, 2,314  
11 construction jobs, all of which presumably are on  
12 holdwhile this project is on hold. What does all  
13 that mean? If we look at how far past the  
14 average opening date we are today, 77 days, that  
15 totals \$15,556,000 of lost revenue. If we assume  
16 that the Corps of Engineers issues a Corps permit  
17 in December -- by January 31st of 1998, as has  
18 been suggested here today, and presuming it takes  
19 five months to get the temporary facility up and  
20 operating, which would put us to May 31st, this  
21 would be a total of 741 days from the time the  
22 certificate of suitability was granted. The  
23 delay in the average time to 741 days totals over  
24 \$60 million of lost revenues to state and local  
25 government.

1 Frankly, I marvel at the patience that this  
2 Commission has extended to Caesar's. It's  
3 frankly probably a good example to those of us  
4 who don't possess so much patience, but  
5 respectfully, enough is enough. This is costing  
6 \$202,000 per day for every day that this project  
7 is delayed, and the delays were known or should  
8 have been known at the time the application was  
9 filed. As everybody has noted or at least a  
10 couple have noted today. As I understand, the  
11 next thing that has to occur at the Army Corps of  
12 Engineers is they will decide either to issue  
13 their permit or to order an EIS. If they order  
14 an EIS, it's going to be, as I understand it,  
15 another twelve to eighteen months before a Corps  
16 permit can be issued. Based upon all this, we  
17 respectfully urge the Commission not to extend  
18 the certificate of suitability again today. If,  
19 however, in your wisdom you should choose to do  
20 so, we would urge you to consider two  
21 alternatives, to add two teeth, if you will, in  
22 the order extending it. We believe if it's going  
23 to be extended it should not be extended past  
24 March 1st of 1998. If the Corps issues its  
25 permit, you'll know that by March 1st and at that

1 point you can extend it again. If the Corps  
2 doesn't issue its permit by March 1st, we believe  
3 that the certificate of suitability ought to  
4 expire

5 Secondly, if you're going to extend it, we  
6 would respectfully suggest that at the time of  
7 the Corps, if it does, orders an EIS that the  
8 certificate of suitability be withdrawn at that  
9 time because then you'll know you're into at  
10 least another twelve to eighteen month wait. We  
11 don't think that's fair to the other applicants.  
12 We don't think that's fair to the state. Thank  
13 you. We'd be happy to address any questions you  
14 might have.

15 CHAIRMAN VOWELS: You've asked that we  
16 incorporate your earlier arguments and any  
17 documents that have been submitted at the earlier  
18 hearing and today's meeting; is that correct?

19 DOUG BROWN: Yes, Mr. Chairman.

20 CHAIRMAN VOWELS: I don't see any problem  
21 with that. Are there any questions of Mr. Brown?

22 COMMISSIONER SUNDWICK: Yeah, I have one.  
23 Tell me about what would force the Corps to do an  
24 EIS study?

25 DOUG BROWN: Well, as I understand the

1 test, Mr. Sundwick, it is whether or not this  
2 project constitutes a major federal action, which  
3 then ancillary means whether or not it is  
4 deemed to have a substantial effect upon the  
5 environment. I think we have plenty of informa-  
6 tion here to see that it has a substantial effect  
7 upon the environment.

8 COMMISSIONER SUNDWICK: Who would push  
9 that?

10 DOUG BROWN: Well, it's the Corps'  
11 determination as to whether or not that test is  
12 [inaudible], as I understand it. I also  
13 understand that that decision can be contested by  
14 other parties, environmental groups, what have  
15 you. So that decision by the Corps is subject to  
16 review.

17 COMMISSIONER BOCHNOWSKI: Of course, if  
18 we don't grant an extension and go back to the  
19 drawing board and have rehearings, I mean either  
20 way we're into a lot of months. This whole  
21 thing, this whole problem is here because you had  
22 companies and parcels and it was done without the  
23 community really saying this is where we want a  
24 boat.

25 DOUG BROWN: I think, Commissioner

1           Bochnowski, what bothers us most about this is we  
2           knew these circumstances existed and it existed  
3           at the time of the hearings and we said they  
4           existed and they were denied. Now what we said  
5           has come true. That's what's particularly  
6           frustrating about this. So when we talk about  
7           the fact if we were not to extend the certificate  
8           of suitability, we're in for a delay either way.  
9           That's true. But that's also fair and it's also  
10          just.

11                    COMMISSIONER DARKO: Where is your site?

12                    DOUG BROWN: A few miles up the road.  
13           It's been farm ground for 150 years.

14                    COMMISSIONER DARKO: Upriver?

15                    DOUG BROWN: Downriver.

16                    COMMISSIONER SUNDWICK: There's got to  
17           be a point of level of fairness. I agree with  
18           you. I think we talked about that the last time.  
19           I asked Caesar's today is this going to be over  
20           at some time. They believe that to be true. It  
21           will be over by the next time that we meet. I  
22           tell you I wouldn't -- I don't want to go through  
23           it again. I think there's a level of fairness,  
24           but that's kind of past. I don't think I'd want  
25           to walk back in here and have to face me again in



1 X number of months and say "Gee, we still got  
2 another problem. It's going to take another  
3 year." My patience would go away.

4 DOUG BROWN: We just think the best  
5 predictor of the future is what has happened in  
6 the past. We seem to be hearing the same  
7 arguments time after time and nothing ever  
8 changes.

9 CHAIRMAN VOWELS: Anything else for Mr.  
10 Brown?

11 DOUG BROWN: Thank you very much for  
12 your time.

13 CHAIRMAN VOWELS: Then we have Mr. Land  
14 from INDOT. Finally, Mr. Land. Anything you can  
15 add?

16 MR. LAND: I have nothing.

17 CHAIRMAN VOWELS: Anybody have any  
18 questions for Mr. Land? We have before us  
19 Resolution 1997-37. This is a resolution  
20 concerning an extension of the certificate of  
21 suitability issued to RDI/Caesar's Riverboat and  
22 Casino, LLC on May 20, 1996. As you look through  
23 that, it lists out the history of the prior  
24 extensions. The second page there should be a  
25 change as to whether if it would be extended that

1 would remain valid until April 22, 1998, instead  
2 of 1997. Is there any motion in reference to  
3 this resolution to either extend or revoke the  
4 certificate of suitability?

5 COMMISSIONER SUNDWICK: That's not the  
6 only option, is there? I think we can change it,  
7 amend it?

8 MR. THAR: With regard to -- yes, that is  
9 the maximum date.

10 COMMISSIONER SUNDWICK: I think it's  
11 appropriate. We've been asked in fairness to say  
12 March 1st. It's a month from April. I'll be  
13 more than happy to listen to them in March.

14 CHAIRMAN VOWELS: Anybody else have any  
15 thoughts on that? Do we have a motion then to --

16 MR. THAR: Throw out for consideration  
17 this. Generally when we extend them, we extend  
18 them for 180 days. If we extend it for March 1st  
19 and they get the permit on March 2nd, does that  
20 matter? I think it's been made pretty clear by  
21 this Commission in the past if an EIS is ordered  
22 by the Corps of Engineers I think the Commission  
23 has pretty much indicated that that may very well  
24 be the gong that stops the extensions of the  
25 certificates of suitability because then the

1 period of time goes beyond -- well beyond  
2 anything that was contemplated by any party at  
3 the time that the original certificate of  
4 suitability was given out. I don't know if I  
5 would amend this over a month and a half. I just  
6 throw that out for your consideration. I don't  
7 believe that -- what Mr. Brown had to say, I  
8 think, is well taken particularly with regard to  
9 the conditions that he requested this Commission  
10 to put on it, but at this point in time I think  
11 Ann basically summed it up. If it's March 1st  
12 and we decide to take it away and it would have  
13 made a difference had it been April 22nd. We're  
14 not any farther ahead either date. I kind of  
15 feel probably that the sense of the Commission is  
16 we've ridden this horse longer than we intended  
17 to and maybe this is the last six months that  
18 we're going to ride it if we can't get these  
19 issues resolved, but I would give them six  
20 months.

21 COMMISSIONER SUNDWICK: I'll make the  
22 motion to extend it for a six-month period.

23 CHAIRMAN VOWELS: There's been a motion  
24 that the certificate of suitability be extended  
25 to April 22, 1998. Is there a second?

1 COMMISSIONER MILCAREK: I'll second it.

2 CHAIRMAN VOWELS: Is there any further  
3 discussion?

4 COMMISSIONER DARKO: Mr. Chairman,  
5 before the vote, since I was not a member of the  
6 Commission when the certificate was issued or  
7 when Mr. Brown's client's application was  
8 considered, I would like to abstain from voting  
9 and the record would so reflect.

10 CHAIRMAN VOWELS: It will so reflect.  
11 In reference to the motion, there has been a  
12 motion and a second. Any further discussion?  
13 Mr. Darko abstaining, all those in favor of the  
14 motion say aye. Resolution is so approved.  
15 I think at this time -- it's ten minutes 'til  
16 four. Let's take a break until 4:05 on the nose  
17 and let's get back in here.

18 (Short break taken.)

19 CHAIRMAN VOWELS: We'll call the meeting  
20 back to order. The next item on the agenda is  
21 the application for approval of financing,  
22 Indiana Gaming Company, L.P, Lawrenceburg. Do  
23 you have everybody you need here with you now?

24 DALE BLACK: Good afternoon. My name is  
25 Donald Black, vice-president and corporate

1 controller for Argosy Gaming Company. With me is  
2 Donald Malloy, Argosy's corporate counsel. At  
3 the last meeting we presented to you a package of  
4 the proposal and transaction, the \$25 million  
5 vessel loan for the Lawrenceburg Partnership, and  
6 at that time there were follow-up questions that  
7 had been addressed to us which we have attempted  
8 to answer and work with staff to bring to  
9 conclusion and at this time to answer any further  
10 questions and to request the approval for the  
11 loan.

12 CHAIRMAN VOWELS: Are there any questions  
13 from the Commissioners or of Mr. Thar? Do you  
14 have anything that you would like to address?

15 MR. THAR: I have no questions of Indiana  
16 Gaming Company. I think that they have responded  
17 to the questions that were posed to them at the  
18 meeting up in Michigan City. The loan of the \$25  
19 million is really, for all practical purposes,  
20 kind of an operational loan and it was contem-  
21 plated in their debt transaction when they went  
22 public with their debt. So from a staff position  
23 we have no reason why this request should not be  
24 approved.

25 CHAIRMAN VOWELS: Are there any questions

1 then? There's a resolution that we have. It's  
2 Resolution 1997-38 and it concerns Indiana Gaming  
3 Company, L.P.'s First of America Bank NA's  
4 secured term loan. I believe everyone's reviewed  
5 this and it has a space in there to either  
6 approve or deny this request. Is there a motion  
7 to approve or deny?

8 COMMISSIONER SUNDWICK: Motion to  
9 approve.

10 CHAIRMAN VOWELS: Is there a second to  
11 that motion?

12 COMMISSIONER BOCHNOWSKI: I'll second it.

13 CHAIRMAN VOWELS: Is there any  
14 discussion? There's a motion to approve  
15 Resolution 1998-38. All those in favor of the  
16 motion say aye. And the resolution is therefore  
17 approved.

18 DALE BLACK: Thank you.

19 CHAIRMAN VOWELS: Then next on the agenda  
20 is the application for approval of financing,  
21 Showboat Mardi Gras Casino, East Chicago. This  
22 is first meeting and waiver request. Representa-  
23 tives of Showboat Mardi Gras Casino here? Sir,  
24 if you'll state your name for the reporter.

25 JOE O'BRIEN: Yes, my name is Joe

1 O'Brien. I'm the chief financial officer for  
2 Showboat Mardi Gras Casino. We've come before  
3 you today to request approval for a line of  
4 credit approval in the amount of \$3 million.  
5 This is a done in conjunction with our parent  
6 company's banking institution. It's a one-year  
7 term for general corporate purposes just to have  
8 additional working capital available to us.

9 CHAIRMAN VOWELS: Any commissioners have  
10 any questions in reference to this request? Mr.  
11 Thar, it's request, it appears, first meeting, a  
12 waiver request.

13 MR. THAR: What that means on the agenda  
14 is that this is the first meeting that this debt  
15 transaction has come up and they have asked for a  
16 waiver of the two-meeting rule. From a staff  
17 point of view, it's a relatively straightforward  
18 and simple transaction as opposed to some of the  
19 other ones we have seen. They want to borrow \$3  
20 million for operational purposes on kind of a  
21 revolving credit.

22 JOE O'BRIEN: That's correct.

23 MR. THAR: It's guaranteed by an  
24 affiliate company so there are no assets pledged.  
25 We have received an opinion letter from both Ice

1 Miller, their Indiana counsel, and a law that's  
2 out of Las Vegas, both of which take the same  
3 position at this time it does not violate our  
4 statutory prohibition on modification or anything  
5 else of the license. Consequently, from a staff  
6 point of view, this was contemplated in prior  
7 debt transactions brought before this Commission.  
8 The staff has no problem in recommending to the  
9 Commission that, A, it's really straightforward  
10 so this is one for which a waiver could very well  
11 be considered in good faith and, secondly, that  
12 it could be approved.

13 COMMISSIONER BOCHNOWSKI: I have a  
14 question. It's a revolving line of credit of  
15 three million so that this would be an ongoing  
16 kind of thing; you'd use it, replace it, use it,  
17 replace it? Is that correct?

18 JOE O'BRIEN: That's right, it has a  
19 one-year term.

20 COMMISSIONER BOCHNOWSKI: Is this in any  
21 way made necessary by a shortfall on funds or  
22 some kind of problem that you're having  
23 operationally?

24 JOE O'BRIEN: No, it was intended and  
25 included as part of our original bond indenture.



1 We just feel it's a prudent way in order to have  
2 adequate cash reserves available.

3 COMMISSIONER BOCHNOWSKI: You indicated  
4 it before and now you got it in place?

5 JOE O'BRIEN: Yes.

6 CHAIRMAN VOWELS: Any other questions?  
7 There's a Resolution 1997-39, resolution  
8 concerning a line of credit by Showboat Marina  
9 Casino Partnership with Fleet Bank of North  
10 America. It's a two-part resolution. The first  
11 part would be we would either approve or  
12 disapprove of the request for the waiver of  
13 68 IAC 5-3-2(b)(3) waiving the two-meeting rule,  
14 and then if that's either approved or  
15 disapproved, if we move forward on approved, then  
16 we look at approving the revolving line of  
17 credit, either approving or disapproving of that.  
18 It's sort of a multi motion, I guess I'm asking  
19 for, to either approve or disapprove the waiver  
20 and then, if we get past that point, to approve  
21 or disapprove of the line of credit. Is there a  
22 motion in that respect?

23 COMMISSIONER BOCHNOWSKI: I move that we  
24 approve the waiver. Do you want that all in one  
25 motion?

1 CHAIRMAN VOWELS: Yes.

2 COMMISSIONER BOCHNOWSKI: Then we approve  
3 the line of credit.

4 CHAIRMAN VOWELS: Is there a second?

5 COMMISSIONER DARKO: Second.

6 CHAIRMAN VOWELS: Is there any further  
7 discussion? All those in favor of the motion say  
8 aye. The motion is approved. Resolution 1997-39  
9 is approved.

10 Next item on the agenda is the application for  
11 approval of various financial and intracorporate  
12 debt transactions of Trump Casino, Gary, first  
13 meeting. Representative of Trump?

14 ROBERT PICKUS: Good afternoon. My name  
15 is Robert Pickus, Executive Vice-President and  
16 General Counsel of Trump Hotel Casino and  
17 Resorts. The request before you today are two  
18 separate transactions and I'll describe each of  
19 them. The first, as Mr. Thar noted in his report  
20 to the Commission, Trump Indiana last month  
21 commenced construction of 301-room hotel at its  
22 Gary facility. It's anticipated construction of  
23 the hotel will be completed at the end of next  
24 summer and construction is moving along on  
25 schedule and so far the weather is cooperating.

1 We should have our foundations in the ground  
2 before it freezes which was one of the tricky  
3 steps, and everything looks fine. That  
4 construction process, like I said, should be  
5 completed and it was budgeted for approximately  
6 \$16 million. In assessing and considering the  
7 different alternatives available to us to finance  
8 that construction, we explored the availability  
9 of a debt financing for the construction of the  
10 hotel and have in fact identified a lender to  
11 provide funding in the amount of \$12 million --  
12 up to \$12 million to fund that hotel. The hotel  
13 is an item that in the initial public offering of  
14 the Trump Hotels and in some subsequent public  
15 offerings was always to be funded either out of  
16 available cash flow or debt financing. That was  
17 reflected in various public prospectuses that  
18 were utilized at the time of the offerings which  
19 had previously been provided to this commission  
20 and certain pages of which that specifically  
21 apply to this hotel project. We believe that has  
22 been included in the letter submitted to Mr. Thar  
23 and I believe you have before you.

24 In reviewing the availability of our cash  
25 resources and having a lender in fact available

1 to fund the hotel, we've decided today is the  
2 best use of all the resources available to us to  
3 proceed with financing the hotel with this debt  
4 transaction. It is, as I noted, with a third  
5 party lender we believe reasonable and standard  
6 terms in terms of repayment and interest rate and  
7 as the construction is moving forward we would  
8 also request, similar to the request you just  
9 approved, that the two-meeting rule be waived  
10 with respect to this financing so that we may  
11 begin drawing down those funds and moving the  
12 construction forward in accordance with the  
13 schedule. Mr. Thar, I don't know if you wish me  
14 to proceed to the next item or if you wish to  
15 speak to each separately.

16 MR. THAR: There really are -- there's  
17 one other loan transaction plus there's two other  
18 contractual type agreements that Mr. Pickus may  
19 describe. The resolution we have prepared deals  
20 solely with the issue he has discussed which is  
21 the hotel. It's really an issuse, Mr. Chairman,  
22 for the Commission as to whether or not they want  
23 to hear about all of it first or if they want to  
24 vote on the one he's just described.

25 CHAIRMAN VOWELS: When you say all of

1 it, the second part has to do with --

2 MR. THAR: The second one -- and I don't  
3 want to steal Mr. Pickus' thunder, but when they  
4 went public they agreed to provide \$90 million to  
5 the wholly-owned subsidiary which is Trump  
6 Indiana. They neglected to put in a mechanism to  
7 pay it back. So that will be the next one  
8 they wish to dis --

9 ROBERT PICKUS: I would have phrased it  
10 somewhat differently.

11 MR. THAR: You just can't help but get a  
12 smile on your face. The other two issues --  
13 that's the grid note issue which is \$90 million  
14 which they have a lot of legitimate business  
15 reasons why that money should be paid back as  
16 debt, repayment of debt, as opposed to stock  
17 dividend, which they could, which would be a  
18 double tax (inaudible). The next two then are  
19 intracompany agreements, which generally the  
20 staff has handled, but because we're talking  
21 about new concepts in the Trump organization, we  
22 thought as a staff it should be presented to the  
23 Commission. So you determine whether or not you  
24 want the staff to continue handling it in this  
25 instance or if you'd like them to come back and

1 rediscuss it with the Commission after we have  
2 worked through the remaining issues we have with  
3 them on the service agreement and marketing  
4 agreement.

5 CHAIRMAN VOWELS: That's the services  
6 agreement with TCS?

7 MR. THAR: Yes, marketing agreement also,  
8 but they have two loans and then two intracompany  
9 public company contracts. So it's your choice.

10 COMMISSIONER BOCHNOWSKI: These services  
11 agreements I would think the staff -- isn't that  
12 more of a staff function?

13 MR. THAR: We have in the past. We've  
14 set up with regard to contracts particularly  
15 within the rules, contracts over X dollar amount,  
16 depending on the dollar line, have to be approved  
17 by certain levels within the corporation. We  
18 review them only for fairness and arm's length  
19 transaction, legitimacy of price. If we find out  
20 there's something wrong, then we've taken the  
21 position the Commission would go back and then go  
22 to the company and say you didn't follow these  
23 procedures or this contract was not fair, we'll  
24 disallow it. But generally we don't approve or  
25 disapprove at a commission level these kind of

1 contracts. It is generally accepted business  
2 practice that with regard to utilizing  
3 trademarks, consolidations of services or  
4 marketing plans put put out by groups that own  
5 more than one casino, that there is a payback to  
6 the company that performs those services. That's  
7 basically the services contract, not to steal  
8 what you're going to say, Bob, and if I say  
9 anything wrong, please correct me. Services  
10 contract means that certain services will be  
11 provided by the Trump organization for Trump  
12 Indiana which will then eliminate the need to  
13 duplicate those types of personnel hirings and  
14 departments here in Indiana such as overall mass  
15 purchasing of certain types of paper towels.

16 COMMISSIONER BOCHNOWSKI: As long as  
17 they're not charging so much for those services  
18 that they're in effect taking money out of  
19 Indiana and (inaudible).

20 CHAIRMAN VOWELS: From what Mr. Thar has  
21 seemed to indicate was the staff has all along  
22 reviewed these to be certain they were arm's  
23 length transactions; is that correct? For fair  
24 market value, and my thinking is along the lines  
25 of this resolution 1997-40 that deals with this

1           \$12 million secured loan that I'm thinking along  
2           the lines of just dealing with that and leaving  
3           the marketing and the service agreement up to the  
4           staff and if there's something that they need our  
5           direction on, they would bring that to our  
6           attention. Does anybody have any thoughts on  
7           that? In reference to this presentation of Mr.  
8           Pickus here as it relates to this \$12 million  
9           secured loan, do any of the commissioners have  
10          any questions much Mr. Pickus? Mr. Thar,  
11          anything further on that?

12                   MR. THAR: From a staff point of view,  
13                   this particular construction loan is a relatively  
14                   straightforward \$12 million borrowing. They have  
15                   asked for a waiver of the two-meeting rule. We  
16                   do not find this to be complicated or in any way  
17                   out of line with the current prevailing rates.  
18                   We would recommend the waiver. We would  
19                   recommend that the Commission approve the  
20                   transaction.

21                   COMMISSIONER BOCHNOWSKI: For the hotel  
22                   financing, the person that you're borrowing from,  
23                   is he a hotel developer? Why is he providing  
24                   this? Is it a person or company?

25                   MR. THAR: Dane Bosworth, Inc. is a



1 company.

2 ROBERT PICKUS: It's actually an  
3 investment banker. They may loan the money  
4 themselves but then turn around and try to sell  
5 it or they may find a direct lender.

6 COMMISSIONER BOCHNOWSKI: Does that make  
7 the interest much higher?

8 ROBERT PICKUS: No, they've already  
9 agreed to the interest as reflected in the  
10 documents.

11 CHAIRMAN VOWELS: Does anybody have any  
12 other questions? We have before us this  
13 resolution concerning Trump Indiana Inc.'s Dane  
14 Bosworth Incorporated secured loan. The  
15 resolution calls that we make a decision with  
16 respect to the request for the waiver of the  
17 two-meeting rule. so that would need to be  
18 approved or disapproved and, if approved, then we  
19 move forwsrd to the request for approval or  
20 disapproval of this loan. Is there any motion in  
21 either of those respects to approve, disapprove,  
22 so on?

23 CHAIRMAN ROSS: Make the motion we grant  
24 the waiver and we approve.

25 CHAIRMAN VOWELS: Commissioner Ross makes

1 a motion that we approve the waiver of the two-  
2 meeting rule and approve the loan. Is there a  
3 second to that motion? Any further discussion?  
4 All those in favor say aye. Show that resolution  
5 1997-40 is therefore approved -- adopted.

6 MR. THAR: Do you want to address the  
7 grid note for a first meeting purpose?

8 ROBERT PICKUS: Be my pleasure. As I  
9 think all but one commissioner I'm sure vividly  
10 recalls, back in 1985, a little bit before and a  
11 little bit after, there was a lot of activity  
12 going on with respect not only to the Trump  
13 casino project here in Indiana, but also a  
14 complete overhaul of the structure of the Trump  
15 casinos in Atlantic City and elsewhere resulting  
16 in its June 1985 initial public offering and then  
17 a subsequent 1996 merger with another one of its  
18 casinos in Atlantic City, followed two months  
19 thereafter by the opening of the Trump riverboat  
20 in Gary, Indiana. During this time the Trump  
21 casinos went through a lot of changes, most of  
22 which those of you were sitting up here back then  
23 experienced with us, sometimes painfully. One of  
24 the outcroppings of those various transactions  
25 was a rather substantial restructuring of Trump

1 casinos, a lot of things happening at the same  
2 time. Although I would love to characterize  
3 (inaudible) than Mr. Thar did, since it was  
4 really the birth of a company, we might have  
5 missed a little knit or knack here or there,  
6 unlike some of the more mature publicly traded  
7 gaming companies that do exist. What that  
8 resulted in is this. Since June of 1995 and  
9 continuing the public company, actually a holding  
10 company of publicly traded (inaudible), has  
11 provided at various times upwards of \$70 million  
12 to the Indiana subsidiary to enable it to meet  
13 its obligations to construct and develop and  
14 operate the riverboat in Gary. Those funds,  
15 frankly, have always been carried on the books of  
16 the company as a loan. It was all anticipated  
17 that one day if good business permitted and  
18 satisfaction of its cetera other obligations  
19 being achieved that that money would be repaid.  
20 The ongoing review of our internal structure both  
21 by our own people on our outside auditors  
22 revealed that it probably would be a smart thing  
23 to document in a more formal way that loan  
24 transaction, so that is memorialized both with  
25 respect to what's happened in the past and what

1 maybe happen in the future as we continue to meet  
2 our obligations under our certificate of  
3 suitability and licensing by this commission and  
4 also the development of the riverboat casino in  
5 Gary.

6 That's essentially the history of the grid  
7 note. It is essentially set up to accommodate  
8 both the funds that have been advanced in the  
9 past and a certain level of funds that may need  
10 to be advanced in the future as the needs of the  
11 boat and its obligations continue. We believe  
12 that its terms are relatively straightforward  
13 within the context of that situation and again  
14 would ask that it be approved, understanding that  
15 this transaction might being a little -- take a  
16 little more time to digest than the \$12 million  
17 straightforward secured financing for a hotel.  
18 We do not request the waiver of the two-meeting  
19 rule so that we could answer any questions that  
20 you may have now or that the staff may have  
21 during intervening month, we'd be happy to appear  
22 before this Commission at its next meeting to  
23 seek that formal approval.

24 COMMISSIONER BOCHNOWSKI: How did you  
25 determine what the interest rate would be on

1 this?

2 ROBERT PICKUS: The interest rate was  
3 really determined by looking at the interest rate  
4 on our publicly traded bonds, which is 15 and a  
5 half percent, and we gave our company a little  
6 bit of a break, although some people may argue  
7 half a point may not be much. That's really  
8 where the number came from.

9 COMMISSIONER SUNDWICK: Sister company  
10 being --

11 ROBERT PICKUS: (inaudible)

12 COMMISSIONER SUNDWICK: If we approve  
13 this, then what?

14 ROBERT PICKUS: There are a couple of  
15 alternatives. I guess one alternative -- like I  
16 say, one alternative, which is not a preferred  
17 alternative which is consistent with what Mr.  
18 Thar described, would be the repayment of these  
19 loans, a declaration of dividends by the  
20 subsidiary company, which of course would have  
21 some significant tax ramifications that we seek  
22 to not engage in. Beyond that I think we have to  
23 discuss with this Commission and commission  
24 staff --

25 COMMISSIONER SUNDWICK: Is there a name

1 associated with this faux faux that we could  
2 single out here in the record so Mr. Trump could  
3 personally say how did this happen?

4 MR. THAR: I think it would probably be  
5 from Bob's point of view they had numerous  
6 outside counsel paid heavily to take care of  
7 this.

8 ROBERT PICKUS: In fairness to the  
9 question, as I believe I've referenced in the  
10 letter, this debt has in fact been carried on the  
11 books by the company as a book account. For most  
12 accounting purposes it is treated that way. Most  
13 of the funds were advanced, not to get hyper-  
14 technical. I don't think that's necessary or  
15 required, but I believe my understanding is most  
16 of the funds were in fact advanced as a loan  
17 prior to the enactment of this regulation of a  
18 approval of debt. Having said all that and being  
19 where we are now and before we execute a formal  
20 agreement, we still thought it appropriate to  
21 come before the Commission.

22 COMMISSIONER DARKO: What's the interest  
23 rate on the Dane Bosworth loan we just approved?

24 ROBERT PICKUS: Twelve percent.

25 COMMISSIONER DARKO: Fifteen and a half

1 is the percent on corporate bonds?

2 ROBERT PICKUS: That's correct.

3 COMMISSIONER DARKO: Do you know how  
4 they're rated?

5 ROBERT PICKUS: I do not at the moment.

6 COMMISSIONER DARKO: Speculative?

7 ROBERT PICKUS: Fairly, yes.

8 COMMISSIONER BOCHNOWSKI: We find that  
9 everything we do is speculative.

10 COMMISSIONER DARKO: Seeing how they made  
11 this decision, I'm not surprised.

12 CHAIRMAN VOWELS: Any other questions?  
13 Mr. Thar, anything?

14 MR. THAR: It depends upon how the  
15 Commission feels. We did not draft a resolution  
16 with regard to this particular transaction. If  
17 the Commission wanted to waive the rule and  
18 proceed ahead, we could and have a resolution for  
19 your signature tomorrow. By the same token, if  
20 you want to hold to the two-meeting rule, I don't  
21 think that causes a lot of discomfort with the  
22 Trump organization. The only thing I would point  
23 out is it's a matter whether the Commission wants  
24 to go to the next meeting on this or deal with  
25 it.

1                   COMMISSIONER BOCHNOWSKI: Basically Trump  
2                   Indiana is going to have to pay this back, right,  
3                   one way or another, and either we're causing them  
4                   to pay more taxes or not? Is that the bottom  
5                   line?

6                   MR. THAR: Bottom line is the public  
7                   company is entitled to get reimbursed for the  
8                   money extended so the only thing we want to make  
9                   sure of is that the equity stays as what was  
10                  represented.

11                  ROBERT PICKUS: Absolutely. It will  
12                  never fall below that number.

13                  MR. THAR: I believe with regard to the  
14                  note, it contains two provisions which we found  
15                  of interest and agreed with. One was while it's  
16                  a demand note, they would not be making payments  
17                  if to make a payment would cause them to go into  
18                  default on any obligation to this commission or  
19                  the City of Gary. The payments would always be  
20                  deferred to make sure the Trump Indiana was  
21                  meeting its requirements here in Indiana. Was  
22                  there another point, either Cindy or Bob, that  
23                  was along those lines? Was that the only  
24                  safeguard consideration?

25                  COMMISSIONER SUNDWICK: All we have to do



1 is make a motion to get rid of the two-meeting  
2 rule and draft a resolution?

3 MR. THAR: We would draft a resolution  
4 that's substantially identical to the one we just  
5 signed for the hotel one if you want to deal with  
6 it today.

7 CHAIRMAN VOWELS: The purpose of the  
8 two-meeting rule was give the staff sufficient  
9 notice between the first meeting and then the  
10 time down the road? Is that the rationale behind  
11 that?

12 MR. THAR: The rationale behind it was  
13 that the first time that the Trump organization  
14 came before us with regard to going public  
15 combining some debt and equity, I think they  
16 showed up about ten days before they were going  
17 to hit the street. So after that we decided we  
18 needed some more notice and as a result drafted  
19 in more for this Commission's ability, the  
20 ability when they see it complicated or public  
21 financial transaction, the ability to be able to  
22 read it and digest it a little bit more and to  
23 have a second meeting to deal with it, if it so  
24 chose. Some of these that are not as complicated  
25 as the ones that Trump went through and they are

1 complicated. I don't know much about it, but I  
2 know even less about what they've actually done  
3 when I try to figure it out. This is really a  
4 pretty straightforward.

5 COMMISSIONER SUNDWICK: Why don't we just  
6 dispense with the two-meeting rule and  
7 (inaudible).

8 CHAIRMAN VOWELS: My thoughts like that  
9 as long as it doesn't cause the staff any  
10 problems.

11 MR. THAR: All I would recommend is that  
12 someone make a motion that we approve a waiver  
13 request made by Mr. Pickus, if you made such a  
14 request at the podium.

15 ROBERT PICKUS: I would be happy to make  
16 such a request.

17 MR. THAR: And then secondly, approve  
18 the grid note funding of -- what is it? Not to  
19 exceed up to \$90 million. And if the Commission  
20 votes to approve both of those, we'll just  
21 prepare the resolution with that in there and  
22 just do the signatures tomorrow.

23 COMMISSIONER SUNDWICK: I'll make that  
24 motion.

25 CHAIRMAN VOWELS: So you intially make a

1 motion to waive the two-meeting rule and then I  
2 assume to approve a resolution that would be  
3 prepared in reference to this grid note funding  
4 not to exceed \$90 million; is that correct? Is  
5 there a second to that motion?

6 CHAIRMAN ROSS: Second.

7 CHAIRMAN VOWELS: Is there any further  
8 discussion. Anything further? All those in  
9 favor of the motion say aye. Motion is approved.  
10 The staff will have the resolution prepared for  
11 us tomorrow.

12 MR. THAR: I believe the Commission has  
13 already indicated the services agreement and  
14 marketing agreement should be dealt with at the  
15 staff level.

16 CHAIRMAN VOWELS: Yes.

17 ROBERT PICKUS: Very good. Thank you  
18 very much.

19 CHAIRMAN VOWELS: The next matter on the  
20 agenda is the application for approval of  
21 corporate reorganization, Blue Chip Casino,  
22 Michigan City. If you'll state your name and  
23 spell it for the court reporter.

24 JOE McQUAID: Good afternoon. My name  
25 is Joe McQuaid. As you may recall, Blue Chip

1 Casino currently has a shareholder, a corporate  
2 shareholder, H.P. of Indiana. H.P. of Indiana  
3 has no other operations and no other assets other  
4 than ownership of Blue Chip Casino. We would  
5 propose that the corporation H.P. of Indiana  
6 merge with Blue Chip Casino. The owners of H.P.  
7 of Indiana then would have direct ownership of  
8 Blue Chip Casino.

9 CHAIRMAN VOWELS: Any questions?

10 MR. THAR: We have not prepared a  
11 resolution on this issue simply because we think,  
12 A, there's not a new owner involved in this.  
13 This is in fact just a merger of a company. What  
14 really seemed to happen was that, if we remember,  
15 back at the time Blue Chip received the certifi-  
16 cate of suitability, some six months after that  
17 there came to be a bit of a dispute among who the  
18 shareholders of the company were. The dispute  
19 was eventually settled. The Commission  
20 subsequently approved ownership of Blue Chip --  
21 transfer to what we refer to as the Oliver Trust.  
22 That group owned the stock in Blue Chip directly.  
23 The other group owned H.P. of Indiana, and all  
24 they want to really do is merge those people into  
25 it. What we feel is that a resolution is not

1 necessary because there's no change in  
2 individuals that own it. Consequently, we want  
3 it brought before the Commission so it would be  
4 noted in the record if the Commission agreed with  
5 that merger so it would be in the minutes. From  
6 a staff point of view, we would recommend to the  
7 Commission that this be approved. No investiga-  
8 tion is necessary. Our position is no application  
9 for change in ownership is necessary because it  
10 isn't and that this just needs to be formalized,  
11 shown in the minutes and approved by the  
12 Commission as something they've considered and  
13 allowed to have occurred. Is that about right,  
14 Mr. McQuaid?

15 JOE McQUAID: Yes, sir.

16 CHAIRMAN VOWELS: Essentially H.P.I. and  
17 Blue Chip Casino, Inc. have reached this agree-  
18 ment and whatever had gone on in the past it's  
19 all coming together to create one corporation  
20 where you're all everyone shareholders?

21 JOE McQUAID: That's correct, sir, all  
22 the individuals.

23 MR. THAR: Mr. Brown, you were here. You  
24 did represent, I believe, some of those share-  
25 holders and were involved with bringing the

1 Oliver Trust group before the Commission.

2 MR. BROWN: Yes, I still do the Oliver  
3 Trust. They are all well aware this is going  
4 on. This request has been made and they're  
5 supporting the request.

6 MR. THAR: So that would be unanimous  
7 among all stockholders?

8 MR. BROWN: Absolutely.

9 CHAIRMAN VOWELS: Does anybody have any  
10 other questions? This doesn't require a  
11 resolution but just our acceptance?

12 MR. THAR: I think we would want it noted  
13 it if the Commission does, the Commission does so  
14 approve this merger and that it be so noted in  
15 the minutes.

16 CHAIRMAN VOWELS: Would there be any  
17 objection to this merger then? Hearing no  
18 objections, we will note for the record that we  
19 approve of the merger. Thank you, Mr. McQuaid.

20 JOE McQUAID: Thank you.

21 CHAIRMAN VOWELS: The next item on the  
22 agenda is in reference to Empress Casino,  
23 Hammond. It's the application for approval of  
24 corporate reorganization.

25 MIKE HANSON: Good Afternoon,

1 Commissioners. Mr. Mike Hanson, general counsel,  
2 Empress Casino, Hammond. This is our request for  
3 effectively a merger of the entities of the  
4 members of Casino Hammond and LMC Leasing. LMC  
5 Leasing owns the title to the vessel Empress III.  
6 Empress Hammond is the licensee in Hammond and  
7 for various tax reasons the Chapter S rules, as  
8 well as other consolidated reasons, we're coming  
9 to the Commission for this request today. It  
10 will also then be the precursor of a request  
11 which we intend to come before the Commission in  
12 later this year of a total reorganization of  
13 Empress entities in which we are planning to form  
14 a holding company and then from that holding  
15 company will have two separate subsidiaries, one  
16 being Empress Hammond and the other being Empress  
17 Joliet. This is our first stop and we are  
18 requesting commission approval of this today.

19 MR. THAR: From a staff point of view,  
20 this again is similar to Blue Chip. That is, in  
21 the diagram I believe Empress -- Lake Michigan  
22 Charters, LMC, Lake Michigan Charters Leasing,  
23 merged that into a new company. Then have the  
24 new company merge into Empress Hammond  
25 Corporation. The stockholders of LMC are the

1 same stockholder as Empress Hammond. As a  
2 result, there's no new ownership. It just  
3 merges -- what it actually does is it puts  
4 the -- consolidates the stock ownership into one.  
5 Secondly, it puts the casino vessel as an asset  
6 of the licensee now as opposed to a separate  
7 company, which from my perspective is a plus to  
8 the State of Indiana. This, much like Blue Chip,  
9 we visualize as not being a change in ownership.  
10 It's simply a consolidation or a merging of the  
11 ownership into one entity, that being the  
12 licensee with an asset transfer into the hands of  
13 the licensee at no cost.

14 MIKE HANSON: That's correct. Then the  
15 license remains with Empress Hammond, as it is  
16 now, except we will need a name change. The  
17 approval of this will also require a name change  
18 of the newly formed corporation to Empress  
19 Hammond.

20 MR. THAR: We asked them to bring this  
21 before the Commission not because -- again  
22 because we believe this should be noted in the  
23 minutes as something the Commission has heard and  
24 approved and primarily because their next move  
25 will then require, we believe, an application in



1 a more formal presentation with a resolution to  
2 accomplish the second step. This is the first  
3 step to get to what Mr. Hanson's described as a  
4 holding company scenario, which this commission  
5 we believe may want to take a look at a little  
6 closer or not a little closer, but certainly be  
7 given the opportunity. That will result in a  
8 very small change in stock ownership.

9 MIKE HANSON: That's correct.

10 MR. THAR: So again, much like the Blue  
11 Chip issue, it would be the staff's recommenda-  
12 tion that the Commission, if it agrees with the  
13 proposal of Empress Hammond, acknowledges it has  
14 opinion presented to it and that it approves it  
15 and that it be so noted in the minutes that this  
16 has been approved.

17 CHAIRMAN VOWELS: There was a letter that  
18 you had written, Mr. Thar, on October 15th. It  
19 shows the proposed reorganization summary, and  
20 just for my mind -- and I'm sure Bob Swan's ears  
21 are probably burning because he probably really  
22 missing this kind of thing not being here today.  
23 This recommendation going through there, Mr. Thar  
24 sitting next to me here, Exhibit A attached  
25 there, if we would approve something there today,

1 what would be in the scenario on this page?

2 MR. THAR: At the bottom. Form a new  
3 company, Lake Michigan Charter Leasing merges  
4 into the new company which then merges into the  
5 Empress Hammond leaving you with those companies  
6 all in one entity. That's it. It would be  
7 through that first page. Is that correct?

8 MIKE HANSON: That's correct.

9 CHAIRMAN VOWELS: This next part is what  
10 would come up later?

11 MR. THAR: What is shown in Exhibit A of  
12 the letter of October 15th also reorganization of  
13 Empress entities is the next step down the road.

14 CHAIRMAN VOWELS: Okay. That confused me.  
15 Everybody follow it? I mean I understand it now.  
16 Did you know it before I asked the question?

17 COMMISSIONER SUNDWICK: Yes.

18 COMMISSIONER BOCHNOWSKI: Of course.

19 CHAIRMAN VOWELS: Everybody knew it but  
20 me. All right, that's enough.

21 COMMISSIONER DARKO: I've only been here  
22 a couple hours and I knew it.

23 CHAIRMAN VOWELS: So your recommendation  
24 is that we approve this first step here today?

25 MR. THAR: Correct.

1                   CHAIRMAN VOWELS: Is there any objection  
2 from any of the commissioners to approve that?  
3 Showing no objection, we will approve that  
4 recommendation and we will look forward to the  
5 next step.

6                   COMMISSIONER BOCHNOWSKI: While you're  
7 here, I have a question for you. Can you tell me  
8 the status of your hotel because I know that was  
9 something -- when you projected to start?

10                  MIKE HANSON: We've been having quite a  
11 few meetings recently with the city concerning  
12 where we are with the hotel. We've made a  
13 presentation to them; they've made a presenta-  
14 tion back to us. It's kind of we've had a lot of  
15 meetings prior to that with various hotel  
16 operators with respect to whether or not where  
17 we're going to build the hotel and what might the  
18 hotel include, and in all honesty, it's an  
19 ongoing process. We even had a meeting yesterday  
20 with the mayor that was discussed, and it's  
21 ongoing is where we are right now.

22                  COMMISSIONER SUNDWICK: There is an end  
23 in sight? I mean it's hard to deal with a hotel.

24                  MIKE HANSON: There is an end in sight,  
25 Commissioner.

1                   COMMISSIONER BOCHNOWSKI: I'm asking this  
2 question in response to a phone call I received.  
3 I can't remember the gentleman's name. Lives in  
4 Hammond. I indicated that I would ask that  
5 question. I thought it was a good point  
6 because -- and I don't have the materials in  
7 front of me. It was his understanding that there  
8 was something of date in your certificate of  
9 suitability.

10                   MIKE HANSON: The certificate of  
11 suitability did in fact state that construction  
12 of the hotel should commence after completion of  
13 the construction of our facility and opening of  
14 our operation. As a matter of fact, it has not  
15 commenced as of this time. We've been in touch  
16 with commission staff as well as the mayor and  
17 the city and have had ongoing discussion with  
18 them as well as hotel operators concerning that.  
19 We don't have any concrete plans yet. We've been  
20 doing all the formative discussions, have the  
21 land purchased for that and et cetera.

22                   COMMISSIONER BOCHNOWSKI: So you have  
23 land for it?

24                   MIKE HANSON: Yes.

25                   COMMISSIONER BOCHNOWSKI: Where will it

1 be?

2 MIKE HANSON: Right now we purchased  
3 10.4 acres right next to the overpass.

4 COMMISSIONER BOCHNOWSKI: And do you  
5 think that's where it will be?

6 MIKE HANSON: We're having discussions  
7 concerning that. The mayor has come back with  
8 other suggestions and comments concerning that as  
9 well as some of our other commitments concerning  
10 the commercial area and others, and all of those  
11 are kind of trying to put into one package. It  
12 involves in honesty a plan that the City of  
13 Hammond is trying to come up with, and that's a  
14 lot of the reason why it's taking a little bit  
15 longer to accomplish than one might have thought.

16 COMMISSIONER BOCHNOWSKI: So it's a part  
17 of their overall plan?

18 MR. THAR: In their economic development  
19 agreement, Section 5.17, because I believe we  
20 have to look it up. The same individual from  
21 Hammond has called us incessantly over the last  
22 couple days. It basically says -- well, the  
23 certificate says that they will begin it after  
24 substantial completion and operation of their  
25 facility. It also ties into an economic

1 development commitment, a minority business  
2 development commitment and a housing commitment,  
3 of which those dates are to be discussed in in  
4 '96 and implemented in '97, some of which have,  
5 but the city has come up with -- in the  
6 development agreement it says before they build  
7 their hotel they get the consent of the city for  
8 the location. Where Empress had bought land and  
9 put the hotel at Site A, the city came back and  
10 said what do you they about Site B, and then  
11 somebody said, well, what do you think about Site  
12 C? So it's not only Empress that has not gotten  
13 this plan implemented. It is the city trying to  
14 put together what a commercial development would  
15 be best, a hotel would be best and other economic  
16 development moneys and whether or not it should  
17 be packaged as one thing and, if that is, does  
18 that change the footprint that this Commission  
19 saw so they have to come back to the Commission  
20 and get permission, or is it going to go the way  
21 it was originally described with the city giving  
22 input as to what they think is in the best  
23 interest of the city. So in truth, while the  
24 hotel hasn't been started, there hasn't really  
25 been any what I would call bad faith delay in not

1 getting it started as of this date because  
2 they're trying to come up with one overall  
3 comprehensive plan to put all of this in and  
4 figure out what the best site is because the city  
5 has the ability or I guess somewhat the require-  
6 ment of having to agree to under your economic  
7 development agreement. Is that about right?

8 MIKE HANSON: Correct, not only does the  
9 city because of the party to our agreement, but  
10 also for city regulation such as zoning and the  
11 like, as well as possibly owning of land they are  
12 going to have a major say-so. If I could add  
13 just one more thing with regard to what you said.  
14 The hotel commitment was, as I stated, as far as  
15 when the starting date was that the other  
16 commitment said 1997 and thereafter, and so that  
17 there now the city and ourselves have been  
18 getting ready regularly or getting together very  
19 soon because of some other things that are  
20 developing concerning a whole broad formation of  
21 everything.

22 COMMISSIONER BOCHNOWSKI: Any idea when  
23 you might know when you're going to start?

24 MIKE HANSON: I don't know when we're  
25 going to start, but I would think --

1 COMMISSIONER BOCHNOWSKI: An idea about  
2 when the decision --

3 MIKE HANSON: I believe I could  
4 represent to the Commission that by the next  
5 meeting we'll certainly have a very good idea  
6 about where we're going.

7 COMMISSIONER SUNDWICK: Or we'll have the  
8 guy call you.

9 CHAIRMAN VOWELS: Anything else of Mr.  
10 Hanson? Thank you, Mr. Hanson. I assume there's  
11 no other business?

12 MR. THAR: We have no other business  
13 other than the continuation the hearing which is  
14 scheduled to be tomorrow at nine.

15 CHAIRMAN VOWELS: We will convene back  
16 here at nine a.m. tomorrow, October 23rd.

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1 STATE OF INDIANA )  
2 ) SS:  
3 COUNTY OF MARION )  
4

5 I, Deanne S. Hutson, Stenographic  
6 Reporter within and for the County of Marion,  
7 State of Indiana, do hereby certify that on the  
8 22nd day of October, 1997, I reported the foregoing  
9 proceedings; and that the transcript is a full,  
10 true and correct transcript made from my stenograph  
11 notes.  
12

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14 -----

15 Deanne S. Hutson,  
16 Residing in Marion County, Indiana  
17

18 My Commission Expires:

19 November 6, 1998  
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