

INDIANA GAMING COMMISSION
REGULAR MEETING

11:00 AM October 8, 1993 Room 156B State House
MINUTES

PRESENT: Alan I. Klineman, Ann Marie Bochnowski, Robert W. Gilmore, Jr., Gilmer Gene Hensley, David E. Ross, Jr., M.D., Robert W. Sundwick, Donald Raymond Vowels, members; Bradley King, Staff Attorney to the State Election Board, Stanley Pinegar, Deputy Commissioner of the Indiana Department of Revenue and an audience.

Call to order and roll call

Chairperson Alan I. Klineman called the meeting to order at 11:00 AM. He called the roll. Commission members Bochnowski, Gilmore, Hensley, Sundwick, and Vowels were present. Commission member Ross was not present. Chairman Klineman declared a quorum.

Approval of minutes of October 8, 1993 meeting

The minutes of the October 8, 1993 meeting were approved as circulated on motion by Gene Hensley, second by Donald Vowels; the vote was unanimous.

Part II of the Riverboat Owner License Application is not complete to the satisfaction of the people working on it, Chairman Klineman announced. Part II will be considered at the next meeting.

Also, at the next meeting we will set a final deadline for Gary. Chairman Klineman suggested noon, January 18, 1994, as the deadline for Part I. This would place the deadline for Part II on March 15, 1994.

Report of the Executive Director

Alan Klineman welcomed John J. Thar, Executive Director. Jack Thar said that he was pleased to have assumed his responsibilities as Executive Director on October 6, 1993, and was notifying the commission that he had done so, as required in Resolution 1993-2. He has assumed an office in the Indiana Department of Revenue, Room N-248, Conference Room A. He is temporarily using part-time staff from the Indiana Department of Revenue; in the next few weeks he will be assembling a staff of five persons. His phone number is 232-2105. Alan Klineman said that ex-parte communication rules do not apply to Mr. Thar.

Commission member Ross joined the meeting.

Jack Thar reported on reports of anti-competitive practices engaged in between applicants for licenses and local governments. In the Lake Michigan area a local government has informed us that they have selected an applicant; staff has been informed of a

similar agreement in the Ohio River area. Both areas have multiple applicants. He noted the following: 1) No deadlines have yet been set, so actions taken at this date may have a chilling effect on future applicants for a site. 2) Referenda have not yet occurred, and applicants in an area where a referendum is defeated might want to change locations and apply in an area where riverboat gambling is permitted. 3) Evaluations by local government are "a factor" in the commission's evaluation process, especially in the area of economic development; however, the recommendation is strengthened when all applicants have presented their plans. Therefore, staff has drafted a resolution that recognizes the importance of local government evaluations and endorsements but states that evaluations made "before the deadline are premature and will receive little, if any, consideration in the Commission's evaluation process." (Resolution 1993-10, attached).

Commission members commented that widespread newspaper reports were undermining public confidence in the commission's ability to be open and act in a forthright manner; this is not to imply that wrong doing is taking place. The commission has spoken in previous meetings about keeping a level playing field for the applicants. This resolution, while recognizing the good faith efforts of local governments, will establish valuable guidelines. Evansville has set a date and invited applicants to make public proposals, a process that will help voters make an informed decision at the polls, the Mayor feels. The Mayor has remained neutral on the referendum issue and the choice of applicants.

Jack Thar read aloud Resolution 1993-10. The resolution passed unanimously on motion by Robert Sundwick and second by David Ross.

Jack Thar continued his report. As a corollary to local endorsements, some local governments have given applicants exclusive agreements on publically owned sites. A precedent exists for a commission decision differing from a city's decision in New Orleans. There, with two applicants competing for a riverboat license, the city named Grand Palace Casino the sole developer and made it lease holder for the location. The state licensing authority chose Harrah's Jazz, as having the better package for the city and state.

In discussion, members of the commission noted that the decision affected not just the city but an entire locale. They emphasized that no deadlines have been set yet, and the commission wants to encourage applicants and discourage premature evaluations and endorsements by local government. Chairman Klineman said he would like to see that when a city owned land suitable for riverboat operations, it would agree to transfer the land to whoever was awarded the license.

Jack Thar presented a notice of a request to withdraw an application and refund of the application fee from Summit Riverboat Casinos in East Chicago. He noted that an initial reading of the statute makes no proviso for returning the fee. Jack Thar recommended tabling the request, pending further research and to give for reflection on the request to Summit. The issue of paying for the referendum would also be raised. Motion passed unanimously only motion by Robert Gilmore, second by Gene Hensley.

Stan Pinegar presented Resolution 1993-11, concerning the number of owner licenses a person may hold under IC 4-33. The resolution was drafted after numerous requests to staff for clarification and will encourage the greatest competitiveness. The resolution is a policy statement from the commission on the meaning of the ownership restriction under the Riverboat Gambling Act. the Resolution states that "a person may simultaneously own any interest up to one hundred percent (100%) interest in one owner's license and not more than ten percent (10%) interest in a second owner's license." Resolution 1993-11 passed unanimously on motion by David Ross, second by Donald Vowels.

Stan Pinegar reported on a meeting of the Interim Study Committee on Public Gaming Issues. He and Chairman Klineman represented the commission. The commission is moving ahead with deliberate speed. Accomplishments to date include initiating the application process to permit referenda on the riverboat question to take place. Suggestions for changes in the legislation will be forthcoming from the commission at a later date.

Bradley King, attorney to the State Election Board gave an update on campaign finance and referendum issues. he stated that October 8, 1993, is the end of the first campaign finance reporting period and the deadline for filing the first campaign finance report is noon October 22, 1993. He reviewed two of the most common, often unintentional, violations of campaign law: (1) any campaign advertisement must contain a "disclaimer" identifying who paid for it; (2) if two or more persons spend or raise more than \$100.00 to influence the outcome of the referendum they are considered a PAC and must file an organizational statement within 10 days after raising or spending the funds. New PACs may be formed or existing PACS may be used for purposes of influencing the referendum vote.

Complaints of election irregularities should be filed with the county election board. The State Election Board will monitor the election and provide information and assistance; the county election boards will enforce election laws in county elections.

The State Election Board has mailed a four page advisory letter to the County Clerks to advise them of procedures for the

referenda.

Chairman Klineman requested that the State Election Board send a press release concerning these issues to the areas where referenda will be held.

Chairman Klineman announced that the next meeting will be held at 11:00 A. M., Friday, November 12, 1993, in the Auditorium of the Indiana Government Center South.

The commission adjourned on motion by Robert Sundwick, second by David Ross.

Copies of Resolution 1993-10 and Resolution 1993-11 are attached to the minutes maintained in the Indiana Gaming Commission office, Indiana Government Center South, Room E203. Copies are available at that location.