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BEFORE THE
INDIANA GAMING COMMISSION

IN RE: THE POSSIBLE)
ISSUANCE OF A GAMING)
LICENSE FOR A RIVERBOAT)
IN MICHIGAN CITY, INDIANA)

INDIANA BLUE CHIP PRESENTATION AND QUESTIONS & ANSWERS
VOLUME III, Pages 148 thru 266

The presentation of INDIANA BLUE CHIP and QUESTIONS &
ANSWERS as had before the Indiana Gaming Commission,
commencing on Tuesday, February 13, 1996, at or about 8:30
p.m. at the Pine Lake Hotel, 444 Pine Lake Avenue, LaPorte,
Indiana.

GAMING COMMISSION MEMBERS PRESENT:

DAVID E. ROSS, JR., M.D.
ROBERT W. SUNDWICK
ANN MARIE BOCHNOWSKI
DONALD RAYMOND VOWELS
ALAN I. KLINEMAN
ROBERT SWAN
THOMAS F. MILCAREK

ALSO PRESENT:

JACK THAR
Executive Director, Indiana Gaming Commission
FLOYD HANNON
Deputy Director, Indiana Gaming Commission
KAY FLEMING
Chief Legal Counsel, Indiana Gaming Commission
JANINE HOOLEY
Director of External Affairs

Members of each Applicant's Staff
Members from the General Public

Reported by: Natalie Bearickx, CSR, Associate Reporter

1 Monday, February 12, 1996 --

2 (At or about 1:30 p.m. Gaming Commission
3 and members of the public present at
4 the Pine Lake Hotel.)

5 MR. KLINEMAN: I guess we are ready to
6 proceed for this afternoon. The first item on
7 our -- okay. This afternoon, I guess, we would
8 again ask the mayor to come forward, and we will
9 have the presentation on behalf of the city of
10 Michigan City. Welcome again.

11 MAYOR BERGERSON: Good afternoon, Gaming
12 Commission. I hope you all had a delightful
13 lunch. It's a lot warmer in here than the sites
14 were this morning when we visited. As I said
15 this morning, I wanted to review with you the
16 things -- the materials we received from the
17 city of Michigan City.

18 This morning you received a packet of
19 information regarding the sites. You should
20 have information from the Michigan City Port
21 Authority, NIPSCO Industries, clippings from the
22 newspaper on the DNR and the Port Authority
23 positions. And you should have information from
24 the Labor Market Information Unit on our
25 unemployment status. In addition on your desk

1 today this afternoon you received a list of
2 presenters for the city of Michigan City as well
3 as a listing of the panel of city officials who
4 are here to field questions this afternoon.

5 I would like to introduce the team of
6 people speaking on behalf of Michigan City.
7 Charles Oberlie is the city controller; John
8 Pugh, the planning director; Linda Bell,
9 Director of LaPorte County Convention & Visitors
10 Bureau; and Richard Treptow, the Gaming
11 Consultants Group who were hired by the city of
12 Michigan City to assist us through this process.

13 In addition I brought with me police and
14 fire, city engineer, city attorney and deputy
15 city attorney, refuse and municipal services to
16 answer all the questions you may have on our
17 infrastructure and our capital equipment needs
18 over the next years in Michigan City.

19 This afternoon begins a very important day
20 in the life of Michigan City's history. I'm
21 here today as a representative of the citizens
22 of Michigan City as we make our presentation to
23 you on the viability of a riverboat gaming
24 license for our city.

25 We here in Michigan City would like to

1 emphasize to you and to the people in the
2 audience the seriousness in accepting or trying
3 to accept a gaming license for our community.
4 Gambling goes well beyond the dollars that we
5 are dealing with here. It transcends economic
6 regards, new jobs and other financial --
7 financial things that may come our way, these
8 things are well, these things are good but there
9 is more.

10 What gambling brings to our doorstep is
11 responsibility, a sociological responsibility,
12 to do more than feather our nest, and this is
13 what we here in Michigan City will be able and
14 are very willing to do. If we are to build our
15 community, we must do so with quantitative goals
16 in mind.

17 Infrastructure needs and capital
18 improvements that will improve the quality of
19 life for all of our people should be an
20 essential result of this type of project. Our
21 city voted for this project so we are guaranteed
22 community support which is a must. This
23 community will work together as an example of
24 what can be done at a level of excellence that
25 we can all be proud of.

1 Our city has many great needs. This
2 morning I showed you a small section of our
3 community. You saw dilapidated neighborhoods,
4 abandoned industrial sites, underdeveloped land
5 and you saw redevelopment. You saw private
6 investments, which had a tremendous impact, it
7 is an example of how blight and stagnation can
8 be erased and reversed.

9 Our work force is approximately the same as
10 it was 15 years ago due to the stagnation of our
11 industrial economy. In Michigan City we have
12 seen growth. We have seen a proliferation of
13 chain stores, retail shopping, while small
14 businesses have been forced to shut down.

15 Our community has come to realize that our
16 need for an environment must be where all
17 businesses can prosper and provide opportunities
18 for our young people. What have we offered our
19 young people who need jobs for the future and
20 training as they make their way in the world?
21 Now there is potential for our community, for
22 our city and for our new future.

23 The advent of riverboat development could
24 very well bring economic development that could
25 provide us with new avenues of growth for our

1 city which are direly needed. At this time I
2 would like to ask the city controller to come
3 forward to explain to you some of those economic
4 needs.

5 MR. OBERLIE: Good afternoon, ladies and
6 gentlemen. In your packets you have before you
7 some specific data which will support the
8 comments that I'm going to make this afternoon.

9 MR. KLINEMAN: Excuse me just a moment.
10 Could you identify yourself for the record.

11 MR. OBERLIE: Certainly. My name is
12 Charles Oberlie. I'm the controller of the city
13 of Michigan City. During the 1980s Michigan
14 City's population shrunk by 8.2 percent. Our
15 home valuations fell by 12 percent.

16 Michigan City has the lowest assessed
17 valuation of any second class city in the state
18 of Indiana at slightly more than \$200 million,
19 less than one half of the average of the
20 assessed valuations of the other second class
21 cities in the state.

22 In spite of that we have not hesitated to
23 use bonding authority. Our sanitary district
24 had outstanding general obligation bonds of \$21
25 million at the close of 1995 versus a legal

1 limit obligation of \$24 million.

2 In addition the sanitary district and the
3 water departments have outstanding bonds for
4 revenue purposes in excess of \$25 million at the
5 close of 1995. Since 1987 Michigan City's
6 unemployment rate has been higher than the
7 LaPorte County unemployment rate, the state
8 unemployment rate and the national unemployment
9 rate month by month every month since January,
10 1987.

11 As you saw this morning, Michigan City is
12 not a newcomer to economic development. We have
13 not hesitated to make investments, to take
14 chances on opportunities. We were one of the
15 first six enterprise zones designated in the
16 state of Indiana, the first in Northwest
17 Indiana.

18 We received numerous grants to open sites
19 for new development, to help rehabilitate
20 industrial facilities and to help train
21 employees, and yet since January of 1990 eight
22 plants have closed in Michigan City. In 1995
23 alone there were three closures which cost us
24 250 manufacturing jobs.

25 And since 1987 our enterprise zone has had

1 a net loss of 1900 jobs. We do have an economic
2 development plan, it focuses on three major
3 agenda items, new business attractions as
4 recommended by the Fantus Company, tourism
5 development with commercial development as a
6 side and the retention of the existing
7 companies. But we need new revenues to help us
8 meet the business attraction liabilities.

9 We need \$32 million to provide proper sewer
10 and water services to the existing city limits.
11 Some of those areas have been in the city since
12 1926 and do not have these normal services.

13 We need \$8 million to provide sewer and
14 water service into the newly expanding
15 commercial and industrial areas along I-94 just
16 outside the city. And we need \$3 million to
17 demolish and clean up six abandoned industrial
18 sites within the city that produce no revenues
19 for us at this time.

20 We need a tourism development partner,
21 somebody to help us build a conference
22 convention center, but also provide revenues to
23 us to help us renovate and expand our existing
24 zoo and Washington Park lakefront facilities.
25 We need \$3 million to replace and rehabilitate

1 our existing fire stations. We need more than
2 \$1 million to replace street and police vehicles
3 that are more than 15 years old.

4 Fifteen of those police cars that are on
5 our streets today were acquired used from other
6 police agencies and today they are more than 15
7 years old.

8 The Michigan City economic plan for the
9 casino era addresses the question of what does
10 Michigan City need. We need jobs for the
11 skilled and the unskilled people in our area.
12 We need an expanded tax base. We need
13 additional revenues and we need an economic
14 development partner, not someone who dominates
15 our economy but someone who works with us.

16 Michigan City has not been a wasteful
17 spending community. Because our assessed
18 valuation is low, we have been very limited in
19 what we can do to expand our tax base. We need
20 that economic development partner and we need it
21 now.

22 In addition to the city's needs our council
23 has pledged to share 25 percent of the win tax
24 with the areas outside of the city of Michigan
25 City recognizing that they, too, have needs.

1 Our initial priorities are to address four
2 geographic areas experiencing health problems.

3 Our first objective will be to extend water
4 lines to the LaPorte County Landfill site
5 outside the city limits where the wells have
6 been tainted. We intend to extend sewers into
7 the town of Pottawattomie Park and the town of
8 Trail Creek, for failed septic systems threaten
9 the water source of our community and our
10 fishing and tourism industry.

11 We intend to extend sewers also into the
12 county to address existing failed septic systems
13 and to open new areas for economic development.
14 But again we need an economic development
15 partner to enable us to meet those needs. We
16 need that partner now, not next year and not two
17 years from now.

18 We are losing our job base, we are losing
19 our tax base and we are losing residents. We
20 need your assistance. To counter these losses
21 we are responding to an economic development
22 opportunity created by the gaming legislation,
23 it offers us new hope for a partner and for
24 revenues. We ask that you give us that
25 opportunity.

1 MAYOR BERGERSON: Next I would like to
2 introduce John Pugh, the planning director of
3 the city of Michigan City.

4 MR. PUGH: Ladies and gentlemen, my name
5 is John Pugh, I am the city planner for Michigan
6 City. And let me just briefly say that it is a
7 pleasure to be here today. I would like to
8 address the following topic and that topic is
9 what we are looking for as a city in a riverboat
10 casino development.

11 Number 1, we believe that we are looking
12 for a project that is compatible, one that fits
13 in with our history and our traditions and that
14 basically complements our quality of life. We
15 are not simply looking for a boat with a parking
16 lot, we are looking for a development that
17 provides permanent land based facilities that
18 will lend themselves to a resort type
19 destination.

20 We are looking for a project that fits into
21 the city that does not overpower our character
22 and one that can spur additional development
23 that is possible similar to our experience with
24 Light House Place, the mall.

25 A low profile that the city can serve in

1 emergencies is desired, an employer that
2 provides opportunities, opportunities for jobs
3 for students and seniors that desire part-time
4 work, opportunities for full-time jobs and jobs
5 that involve skilled and semi-skilled labor and
6 also for local suppliers of goods and services.

7 We are looking for stability and we are
8 looking for a development partner that can help
9 the city grow, one that can provide money and
10 resources for infrastructure needs and that
11 together we can move forward, one that will add
12 quality sites to complement the north end and
13 the Light House Place, one that will assist in
14 the preservation and the cleanup of Trail Creek.

15 I believe that all of this relates to a
16 need for redevelopment into what we refer to or
17 call the triangle development theory. I would
18 like to draw your attention to the map that we
19 brought along today. And when we talk about the
20 triangle development theory, we are really
21 talking about the lake and the lakefront and the
22 park being at the top of the triangle and moving
23 down the one side to Light House Place and
24 across the city over to the proposed upstream
25 development site that we indicated to you this

1 morning, that includes the Franklin Square area
2 in the middle which is the old central city.

3 This is an area in need of infradevelopment
4 and we believe that that could include
5 residential, shops, stores, art galleries, a
6 variety of opportunities. It is an area that
7 will not strain our resources and certainly that
8 relates to our existing traffic patterns. We
9 need this, it is in line with our past efforts.
10 Both the plan commission and the redevelopment
11 commission support the casino development as a
12 good economic development for the city. Thank
13 you.

14 MAYOR BERGERSON: Next I would like to
15 introduce Linda Bell, our director of tourism,
16 who will explain to you the tourism that we
17 already have and how we hope riverboat
18 development will assist us in bringing tourists
19 to Michigan City and to LaPorte County.

20 MS. BELL: Good afternoon and welcome to
21 LaPorte County. I am Linda Bell, the executive
22 director of the LaPorte County Convention and
23 Visitors Bureau. And I have some information to
24 share with you this afternoon about the
25 importance of tourism in LaPorte County and

1 Michigan City and the potential for growth from
2 this industry.

3 The bureau here in our county was organized
4 almost 18 years ago, one of the first of
5 Indiana, because a group of local citizens
6 recognized the potential for economic
7 development from tourism. The county has
8 experienced a steady growth, and today you will
9 find terrific antique shopping, a variety of
10 museums including a new classic and vintage auto
11 museum, a thriving agri-tourism market with
12 Christmas tree farms, U-pick orchards and
13 farmers markets, charter fishing with the
14 largest fleet of captains on southern Lake
15 Michigan along with the variety of other
16 recreational activities, add to that out magnet
17 attractions of Light House Place Outlet Center
18 and the Indiana Dunes National Lakeshore.

19 There are 1074 rooms in our commercial
20 lodging facilities. And in 1995 we had an
21 overall occupancy rate of 65.5 percent, an
22 increase of 1 and a half percent over 1994 that
23 generated almost \$439,000 in innkeeper's tax
24 revenue from our 5 percent tax.

25 Using Indiana Office of Tourism research

1 these overnight visitors contributed \$40 million
2 to our local economy. While it is more
3 difficult to measure day visitors, Light House
4 Place Outlet Center reports about two million
5 shoppers annually, and the national lakeshore
6 also has about that many visitors with Mount
7 Baldy located in Michigan City, the most visited
8 site in the lakeshore.

9 So if we take the conservative number of
10 one million day visitors to our area, we find
11 using that same research that they contributed
12 44 and half million dollars to our local
13 economy, that's visitor spending in 1995 of
14 \$84.5 million.

15 However, we need another magnet
16 attraction, one with the potential to draw
17 visitors year-round. Our 65.5 percent occupancy
18 rate is average from a high of 87 percent in the
19 summer to a low of 45 percent in the winter. We
20 have room inventory that could be sold in the
21 off season.

22 If we take a conservative estimate from the
23 gaming proposals and say that we would have one
24 million visitors annually to a riverboat casino,
25 then that same research would tell us that there

1 is the potential to increase the economic impact
2 for our local community by at least \$45 million
3 annually.

4 The bureau operates with a budget of
5 \$540,000 directed to an aggressive marketing of
6 this destination. We have three target markets,
7 the leisure visitor, the motor coach group tour
8 and the small meetings and convention market.
9 Our sales efforts in these three markets
10 indicate that all have the potential for growth
11 from this new attraction.

12 As your staff discovered, it's not easy to
13 find meeting space in LaPorte County, and a
14 facility that includes meeting and convention
15 space is very important. We are asking that you
16 give us the ability to add a new magnet
17 attraction in LaPorte County. It will allow the
18 current hospitality businesses, many of which
19 are small business people, to grow and prosper.
20 And it will significantly increase the economic
21 well being of Michigan City and the surrounding
22 communities. Thank you.

23 MAYOR BERGERSON: Next I would like to
24 introduce Richard Treptow of GCG. They assisted
25 us in preparing the report and walking us

1 through the possess. As you know, we had a 22
2 member local evaluation committee. The
3 consultant then aided us in moving the committee
4 forward in the decision making process, it was
5 all done in an open environment. The press was
6 included at every meeting. And the consultants
7 assisted is in comprising the final report which
8 you have received as of, I believe, last Friday.
9 Richard.

10 MR. TREPTOW: Thank you. Mr. Klineman,
11 Mr. Thar, members of the commission, ladies and
12 gentlemen, the process that the city used to
13 evaluate the development proposals and the
14 gaming developers would have to be characterized
15 by three essential facts, one, it was very broad
16 based including most all segments of the
17 community within this 22 member committee that
18 Mayor Bergerson just mentioned; two, it was the
19 openness of the process, there was no
20 information presented, no developer
21 presentations and no decisions made except in
22 full view of the public and the press at open
23 meetings and number three, the decisions that
24 were made locally and the evaluation process
25 that was accomplished was done not on the basis

1 of promises or empty promises, it was simply
2 written proposals which could be changed later.

3 But those evaluations were done based on
4 written letter of intent agreements in contract
5 form. In those contract form letters of intent
6 were spelled out specifically what was to be
7 billed, the dollars involved, when those -- when
8 that construction would take place, what
9 employment would be provided. Financial
10 incentives to the city were all spelled out in
11 contract form, and that is the basis upon which
12 the city made its -- accomplished its evaluation
13 process.

14 Throughout the entire process the city
15 maintained an open but arm's length relationship
16 with all developers by providing information but
17 in no way negotiating or entering into
18 understandings with any of them during the whole
19 process. The city avoided any formal
20 endorsement before a professional and open
21 evaluation process could be accomplished.

22 In the opinion of the Gaming Consultants
23 Group the consortium -- consulting consortium,
24 which I represent -- the process that Michigan
25 City used in its evaluation in dealing with the

1 gaming developers represents the most open, most
2 professional, and most broad based process we
3 have seen anywhere in the country, and we
4 believe they are to be commended for the process
5 that they utilized.

6 In 1994 the Board of Works and Public
7 Safety issued an RFP for gaming consultants
8 where a gaming consultants group was engaged.
9 By the fall of 1995 there were three remaining
10 developers offering four proposals for
11 development. To obtain the broad involvement of
12 the community, a 22 person local gaming
13 evaluation committee was formed including all
14 nine members of the city council; the then
15 mayor, now former Mayor Behler; then
16 Mayor-elect, now currently mayor, Mayor
17 Bergerson; four key staff members; four mayoral
18 appointments and four council appointees.

19 Of the 22 members, 21 of the 22
20 participated in a final evaluation process, and
21 all 21 of those members attended every meeting.
22 There were no meetings in which the 21 final
23 evaluators did not attend. On October 11th
24 public presentations were made by the -- each of
25 the developers.

1 On October 18th there was a detailed
2 orientation session which the Gaming Consultants
3 Group took all of the 22 members of the
4 committee through and briefed them on gaming and
5 the important criteria upon which any developers
6 can be measured. On the 25th of October further
7 presentations were made including the
8 developer's response to the 60 detailed
9 questions posed to the developers through Gaming
10 Consultants Group.

11 On November 15th, a final public session,
12 in which information was received from the
13 developers occurred as well as presentations by
14 NIPSCO and NICTD. Then on the week of November
15 28th the Gaming Consultants Group negotiated on
16 the city's behalf letters of intent from the
17 developers representing and memorializing in
18 contract form the exact proposals which each of
19 the developers were presenting to the city.

20 On December 6th then the committee met for
21 a final time to evaluate the four proposals on
22 11 criteria. These are the 11 criteria which
23 the city used after having been briefed and
24 after having studied the presentation and having
25 had an opportunity to ask questions in-depth of

1 all the -- of the developers.

2 The 11 criteria were, the ownership
3 information regarding who was owning the
4 project, who was operating the project; number
5 2, the experience of the developer in terms of
6 not only development but also gaming; number 3,
7 financial capability; number 4, the time frames
8 involved for opening; number 5, the vessel
9 itself; number 6, the land-side development
10 which was occurring in addition to the gaming
11 vessel; number 7, capital investment dollars;
12 number 8, employment; number 9, economic
13 benefits to the community; number 10, local
14 financial incentives and number 11, social and
15 environmental impact which was evaluated.

16 On the meeting of December 6th two main
17 votes were taken by this committee to express
18 their opinion, the first was on the site itself.
19 The site of the -- the preferred site for the
20 gaming development was evaluated separate from
21 the developers themselves.

22 The two sites that were included were the
23 upstream site known as Trail Creek and then the
24 harbor site near the entrance to the lake. The
25 vote of the 22 member committee representing all

1 factors of the community were -- 17 votes
2 expressed that they would like it at the Trail
3 Creek site; two wanted the harbor site; one had
4 no preference; and one wanted neither. So there
5 is a very strong preference from this broad
6 based group in terms of the Trail Creek upstream
7 site.

8 Second, the developer proposals were
9 evaluated by the committee separate from the
10 site. On the 11 criteria that were mentioned
11 they were scored numerically, and those scores
12 were tallied in public with the following
13 results, the top rated development proposal with
14 a total of 4,470 points was Indiana Blue Chip's
15 proposal at the Trail Creek site; the second was
16 Casino America Isle of Capri, the Trail Creek
17 site, with a total of 4,252 points; third was
18 Indiana Blue Chip at the harbor site with a
19 total of 4,154 points; and fourth was
20 Minnesota -- pardon me -- was Michigan City
21 Casino and Lodge at the harbor site which was
22 3,553 points.

23 To quickly summarize, we think that the
24 process that we used for the city was open as
25 possibly could be. It was very broad based in

1 terms of the participation, and it was based on
2 contract commitments rather than proposals that
3 could change after they made their decision.
4 And we'll certainly be here for the afternoon to
5 answer any questions you may have. Thank you.

6 MAYOR BERGERSON: Michigan City has
7 survived by learning how to adapt to changing
8 market places and by understanding the
9 importance of a truly diversified local economy.
10 If one were to look at our current job base, you
11 would see a mosaic of different employers.

12 We have quality manufacturing companies, we
13 have service related businesses, and we have
14 demonstrated how to be successful in a business
15 environment. Michigan City has a history we are
16 proud of. But our future history will depend on
17 how we react today to the problems at hand.

18 We have needs in our community, needs that
19 were just expressed to you. We have many under
20 employed people who would benefit from new job
21 opportunities and training. We need quality
22 jobs to provide incentives to our young people
23 to live and work in Michigan City.

24 We have already defined for you today our
25 city as a great destination place drawing

1 millions of visitors every year. In doing that
2 we have strived to maintain a difficult balance
3 so that we can retain our small town charm,
4 quality of life and values, while becoming a
5 viable job rich economic center.

6 As we look to adding a well rounded
7 multi-dimensional gaming and resort complex for
8 our city, we must do so in a way as to not upset
9 this delicate balance. The city local
10 evaluation committee believes after its
11 extensive research that we had found the answer
12 to this challenge, and we respectfully ask the
13 Indiana Gaming Commission's support of our
14 decision.

15 The key has been finding a project that is
16 right for Michigan City. Some of you may
17 criticize our riverboat gaming proposals by
18 saying they are too small, in comparison to
19 other locations they are much smaller. But to
20 be quite frank with you we do not need a
21 grandiose Trump style Taj Mahal complex in
22 Michigan City.

23 Our city is very comfortable with a project
24 that fits into our community without
25 overwhelming us and swallowing up our character.

1 We do not have an identity crisis. We are proud
2 of our community's character, our citizens, our
3 children, and our beautiful natural attractions.
4 And while we look to gaming and a resort complex
5 for economic development, quite frankly we are
6 glad that our recommended project is sized
7 appropriately for the city of Michigan City.

8 Indiana Blue Chip has received the
9 endorsement of the local evaluation committee.
10 In the process we were concerned about the
11 financial debt of the three developments --
12 developers and their level of commitment
13 long-term to Michigan City even in the face of
14 competition to the west and Indian gaming to the
15 future.

16 Indiana Blue Chip will keep dollars in
17 Indiana and will focus on the development of a
18 resort complex that will begin immediately
19 without a wait and see what the market will bear
20 type of attitude. Indiana Blue Chip will
21 provide a combination resort destination that
22 fits into our community. It will spur the kind
23 of spin-off development we hope to see, an
24 example being the \$4 million bowling center
25 recently announced by one of our local

1 businessmen.

2 Its investment team is highly credible with
3 extensive business accruements and a list of
4 past business successes. Michigan City is on
5 the verge of some very exciting times, but we
6 must take action now to convert our potential
7 into concrete results.

8 As our history has shown that we have been
9 innovative, we certainly look forward to our
10 newest challenge at innovation, a diversified
11 quality gaming and resort complex. We don't
12 want a boat and a parking lot in a place where
13 it will not be able to provide maximum growth
14 insurance.

15 I see riverboat gaming in Michigan City as
16 just another piece in the ever expanding puzzle
17 that makes up our city. A quality gaming
18 development will be a catalyst for economic
19 development and hopefully a trigger for our
20 growth. Local businesses should have the
21 opportunity to flourish with this growth.

22 Additional revenue will allow the city to
23 begin addressing its extensive capital
24 improvement and infrastructure needs as were
25 outlined earlier. In some a mutual

1 understanding must take place between our
2 citizens, our government, and business to ensure
3 that all will gain equally from this new
4 enterprise.

5 This can be our new stepping stone. This
6 is our community's chance to be able to offer
7 more job opportunities at increasingly real wage
8 levels allowing employees to share in prosperity
9 as the quality of their jobs improve.

10 Putting all statistics aside we need in our
11 city the ability to provide people with work at
12 a decent wage scale. This will not only create
13 a new era of self-reliance but position
14 ourselves to elevate and sustain our economy
15 into the future.

16 The list of important subjects we have
17 introduced to you today not only provides you
18 with the blood lines and history of Michigan
19 City, it offers to you our plans and our hope to
20 elevate ourselves in the future. This may well
21 be one of Michigan City's most important events
22 in its long and colorful history. We are going
23 to make this our finest hour.

24 With your help Michigan City is going to
25 have a destination resort casino which will be

1 superb in design and satisfying in function and
2 comfort, overall it will fit the guidelines of a
3 well rounded, exciting facility. This will
4 assuage and protect ourselves from competition
5 that we will be confronting in the future.

6 Working with the gaming commission and the
7 casino operator keeping our community in mind
8 and what our goals really are, we can make this
9 casino complex an eminently workable and
10 complete operation of which we can all be proud.

11 We here in Michigan City have the utmost
12 desire to improve our community. We have the
13 human resources, highly skilled tradesmen and
14 women, bright young people and from you we only
15 ask the opportunity. Thank you very much.
16 And we are here to field your questions.

17 I brought a pretty extensive team with me
18 today as you have in front of you so if there
19 are any questions specifically to any of those
20 individuals, otherwise one of us will field your
21 questions, and don't make them too hard.

22 MR. KLINEMAN: Well, thank you very much,
23 Mayor. And I appreciate the fact that you ended
24 in time and didn't run over to any great extent.
25 I guess I would start off with the questions

1 maybe for your gaming consultant -- I don't
2 know -- or your tourist -- the possibility that
3 as a result of the certification of the Indian
4 tribe, to what extent have you investigated
5 the -- or evaluated the competition that that
6 might bring to an entity here in Michigan City?

7 MAYOR BERGERSON: I will answer from my
8 perspective. Quite frankly we have already
9 carved a place in tourism for our city. As
10 Linda Bell explained to you, we have two
11 million people who come to shop at Light House
12 Place and associated shopping. We have two
13 million people who already come to use our
14 lakefront, our marina, our little zoo, our
15 beautiful park. And what we are hoping is the
16 fact that we already established a tourism group
17 of people who are used to coming to Michigan
18 City. We have a market already designed so that
19 if a quality resort is built in Michigan City,
20 we feel very strongly that we can be
21 competitive. I would like to have Dick Treptow
22 add to that, please.

23 MR. TREPTOW: Actually I would like to
24 introduce my compatriot in the Gaming
25 Consultants Group, Carl Zeitz, to answer that

1 who did -- participated more directly than I did
2 in doing a market study which evaluated the
3 impact of the Indian gaming. Carl.

4 MR. ZEITZ: Mr. Chairman, we did our own
5 evaluation. To begin with -- I should take a
6 step back. The three developers in terms of
7 their market projections all projected against
8 the possible outcome of a Native American casino
9 somewhere within the vicinity of Michigan City.
10 And so the market sizes that they projected, we
11 -- we concurred with their evaluation when we
12 did our own exercise.

13 And we thought that -- and see our market
14 size -- in the event of 60 to \$70 million in
15 gross gaming revenue -- and I cite that number
16 because that number is so important because it
17 is the -- it is the economic factor of casino
18 gambling from which everything else flows in
19 gross gaming revenue, taxes and incentive
20 payments and the like.

21 The developers themselves had projections
22 without Native American competition considerably
23 in excess of those numbers, we think that's a
24 prudent and realistic estimate. In my own
25 experience being involved with gaming over a

1 number of years both on the government side and
2 then consulting with governments, generally in
3 my experience markets have to go to a greater
4 size than anybody anticipated.

5 And once you have casino gambling available
6 to the public and more of the public is exposed
7 to it, the market size tends to inflate rather
8 than deflate. I hope that answers your
9 question.

10 MR. KLINEMAN: It certainly does to a
11 large extent. You do envision this destination
12 type resort that has been discussed; is that
13 correct? I mean you are really looking to build
14 on your tourism to support whatever operations
15 are here?

16 MR. ZEITZ: Yes, and that was, I think,
17 persuasive. And one of the things that was
18 persuasive in terms of the community and the
19 committee in terms of their site preference
20 because they saw greater possibilities of that
21 kind of development at the Trail Creek upstream
22 site.

23 But, yes, when I first went to Michigan
24 City, I went over to the outlet mall to do some
25 shopping but also to look at it. And

1 increasingly there is a movement in the casino
2 industry to vary the product, to provide retail
3 as a matter of fact, so there is a natural
4 synergy already in Michigan City.

5 All of the upstream projects, I believe,
6 also include retail development and expansion.
7 So, yeah, I think as the mayor said, it's not
8 enough to have a boat and a parking lot, that
9 will not do for the city what it needs to have
10 done. You have to create something that becomes
11 a magnet and enhances what you already have, in
12 this case it's retail.

13 MR. KLINEMAN: Anyone else have any
14 questions along those lines?

15 MS. BOCHNOWSKI: Yeah. On the subject of
16 competition again, you have the Indian gaming
17 but you also in Lake County will have four boats
18 that -- each one of those projects are
19 substantially larger than what we are talking
20 about here in Michigan City. I understand what
21 the mayor said about an appropriate size for the
22 city and not wanting to overwhelm the city.

23 But other than -- it would seem to me that
24 you already have those certain tourists, you
25 probably would want to attract some additional

1 tourists. Do you feel you can really compete
2 with these projects compared to what's just not
3 very far away in Lake County?

4 MR. ZEITZ: As I said, we did a market
5 projection sales -- or an evaluation and we --
6 in doing that we -- not arbitrarily -- but we
7 recognized that there are four projects in Lake
8 County, that they are much closer to the city of
9 Chicago, and that combined with what's available
10 in the metropolitan Chicago region clearly is a
11 factor you have to consider. So we looked at a
12 market that would be largely shaped by what's
13 south of Michigan City and east of Michigan
14 City.

15 MS. BOCHNOWSKI: Okay. So you are not --
16 you are thinking that you will be drawing from a
17 different group entirely then?

18 MR. ZEITZ: Yeah, which is not to rule out
19 the attractions -- not to rule out the
20 attraction of the retail center that's already
21 there and that would be developed and a
22 different kind -- I have been -- I have seen the
23 Lake County cities and I have seen their
24 lakefronts and I've seen Michigan City's and
25 there is also a difference there in natural

1 attraction.

2 MS. BOCHNOWSKI: But your -- your
3 recommendation is not to put it on that lake?

4 MR. ZEITZ: No. No but in terms of the
5 ambience of the total community and the total
6 ambience and picture of the lakefront there as
7 opposed to the more industrial looking places up
8 toward Chicago.

9 MR. OBERLIE: If I can also expand on
10 that.

11 MR. KLINEMAN: Could you identify
12 yourself, please.

13 MR. OBERLIE: Chuck Oberlie. It's our
14 belief that we offer a superior venue site as
15 opposed to the west of us, that the city itself
16 because of the market that it already carved out
17 for itself has a reputation as a community of
18 recreation. The sites chosen in Lake County do
19 not -- I'm not trying to put down the process --
20 do not offer the type of open space activities
21 and ambience this community already has.

22 We already successfully compete with them
23 for lakefront development activities. Our
24 marinas have very lengthy waiting lists, not
25 vacancies. Our parking lot is full every

1 weekend. Mount Baldy Indiana Dunes National
2 Lakeshore, a feature attraction in Michigan
3 City, is closed to cars on most weekends because
4 it is full early in the morning. We believe we
5 have a superior venue and we don't need to
6 invest as much capital initially to make the
7 project fly in a very successful fashion.

8 MS. BOCHNOWSKI: Let's be frank. Do you
9 think that your -- were the size of your
10 projects that are being proposed, were those
11 dictated more by the incoming -- the -- the
12 Indian gaming coming in, or was that your desire
13 to have a smaller project because it seems like
14 I heard about more expansive projects before
15 Indian gaming became a reality?

16 MR. OBERLIE: It's a combination of all
17 that. I think we've made it very clear to the
18 developers that not only do we not just want a
19 boat and a parking lot but we also don't want
20 them to fly out of here in two years because
21 they put too much capital investment in on the
22 front end.

23 We believe that if you pick the site
24 properly, it can grow. If it's more successful,
25 then it can grow, it can spread out and become a

1 larger project. It's much easier to do that
2 than to over guess the market and face failure
3 two or three years down the line even before it
4 opens, for example, such as what happened in New
5 Orleans.

6 We believe that we're better off starting
7 on a conservative basis, as a matter of fact,
8 it's very consistent with our economic
9 development philosophy. We prefer to go out and
10 find small companies that want to grow rather
11 than chasing the large companies and try to
12 relocate with thousands of employees.

13 They are coming in on a peak basis but if
14 they ever leave, it's a real disaster for the
15 community. If the small piece is put together,
16 we have a very strong economy. The little ones
17 don't quite cause the ripples that they would if
18 they were a large manufacturer, we apply the
19 same philosophy to the gaming industry.

20 MR. VOWELS: I don't know if this would be
21 addressed to the mayor or who, but the
22 evaluation committee made their decisions, I
23 believe, on December 6, 1995; is that correct?

24 MAYOR BERGERSON: That's correct.

25 MR. VOWELS: I see a letter in our packet

1 here from Mariott Hotels and Resorts, it's dated
2 December 6, 1995. It looks like it was faxed to
3 somebody -- I don't know if it was to us -- on
4 December 14 talking about discontinuing the
5 gaming cruises on the Silver Eagle in East
6 Debuque, Illinois.

7 My question is: The time frame there is
8 very close, was that taken into consideration by
9 the evaluation committee? Were they aware prior
10 to their evaluation whether that was a
11 possibility?

12 MAYOR BERGERSON: Actually the day of the
13 local evaluation committee's decision was the
14 day that the Silver Eagle's press release
15 arrived in the Chicago Tribune so we were all --
16 as we made our decision that evening, we were
17 aware that the Silver Eagle had shut down.

18 However, in our decision there was much
19 discussion, as you can imagine, among the
20 committee members on the impact of that on our
21 local project. I would say in an analysis of it
22 that we try to weigh the fact that the Silver
23 Eagle partners were not the entire Indiana Blue
24 Chip group.

25 We looked again at the debts of their

1 financial partners. Many of their Indiana
2 business investment team are people who have had
3 significant business successes, have been very,
4 very successful. And although the Silver Eagle
5 did shut down and -- in fact, as you know, there
6 is a lawsuit that has followed -- we felt --
7 obviously the majority of the committee felt in
8 the voting process, that although it was taken
9 into consideration, it was not a reason for us
10 to throw them out of the pot so to speak.

11 MR. VOWELS: Do you know offhand what the
12 percentage is of that ownership interest in Blue
13 Chip by that particular entity that shut down in
14 Illinois?

15 MAYOR BERGERSON: I would say 40 percent
16 but I would rather check. Is someone here from
17 Indiana Blue Chip that could address that?

18 MS. BOCHNOWSKI: Well, we'll hear from
19 them.

20 MAYOR BERGERSON: Okay. I believe it was
21 40 percent.

22 MR. VOWELS: It would seem to me that at
23 some point prior to the date where your
24 evaluations were going to be made, that that
25 company would -- did give you any indication

1 that this might be coming along?

2 MAYOR BERGERSON: Actually in discussions
3 with the steering committee I think there was
4 some understanding of that but certainly it was
5 not anything that was out in the open and
6 discussed. I would say no. The answer to that
7 would be, no, we did not have any advance
8 warning that this was going to be in the Chicago
9 Tribune.

10 Specifically although -- I have to say that
11 having followed the gaming markets in other
12 places I knew that that boat was in trouble.
13 And I think other committee members had heard
14 that that boat was having trouble surviving with
15 the Iowa market.

16 MR. VOWELS: If you would have known about
17 this -- if you would have been made aware of it
18 at an earlier time, a couple months earlier or
19 whatever, do you think that would have impacted
20 your decision or the evaluation committee's
21 decision any differently?

22 MAYOR BERGERSON: I can't speak for the
23 other committee members. What I base my own
24 decision on, and in discussions with other
25 committee members who supported the Blue Chip

1 application more heavily than they did the other
2 companies, there was a feeling that the Silver
3 Eagle was one part of their process, it was not
4 their entire group. I'm sure if it had been
5 their entire proposal, we would have had a
6 serious problem.

7 But in analyzing the -- their situation I
8 did not feel that that was the depth of their --
9 of their company, that there were many other
10 aspects that needed to be considered and that
11 was the Indiana partners and their business
12 successes and the financial depth of those
13 investors.

14 MR. VOWELS: Did you come into office at
15 the beginning of this year?

16 MAYOR BERGERSON: Yes. I had served on
17 the Michigan City Council for eight years and
18 was a member of the evaluation committee.

19 MR. VOWELS: I understand. You mentioned
20 earlier that -- that there would be union labor
21 used in the development of this; is that
22 correct?

23 MAYOR BERGERSON: Repeat the question,
24 please.

25 MR. VOWELS: I thought you mentioned earlier

1 during the presentation there seemed to be an
2 emphasis in union labor during the development
3 and the construction.

4 MAYOR BERGERSON: Of all of the casino
5 projects?

6 MR. VOWELS: Yes.

7 MAYOR BERGERSON: In the public
8 explanation of the project when the question was
9 raised about using local goods and services and
10 union labor, each of the companies answered that
11 that was certainly something they were amenable
12 to.

13 MR. VOWELS: Was that something that you
14 personally were interested in or was that the
15 evaluation committee's vote?

16 MAYOR BERGERSON: I think the local
17 evaluation committee wanted to be sure that our
18 trades people were given jobs. Certainly we had
19 other companies come into Michigan City and
20 bring labor in with them, and that was not what
21 the local community felt was a good idea. We
22 would like the jobs to obviously stay in LaPorte
23 County.

24 MR. VOWELS: Let me ask you -- I have to
25 check this and make sure I can ask this

1 question -- I asked you about the labor, the
2 union labor. It seems to me there would be some
3 emphasis on the employees obviously if the
4 evaluation cared about union labor.

5 In your opinion as a member of that
6 evaluation committee there was, as you are
7 probably aware, lawsuits being filed by the
8 employees in Illinois because of the failure to
9 warn about the closing even though the company
10 refers to it as a temporary closing even though
11 the boat is going to be used here.

12 MAYOR BERGERSON: I know there is
13 legislation in Illinois addressing that closing.

14 MR. VOWELS: Okay. And my understanding
15 is that there is a lawsuit --

16 MAYOR BERGERSON: Correct.

17 MR. VOWELS: -- for not giving sufficient
18 advance notice that there would be a closing.
19 Would that have impacted on your decision as a
20 member of the evaluation committee had you been
21 aware of that earlier?

22 MAYOR BERGERSON: To retract my steps a
23 bit, the city controller reminded me, and this
24 is quite true, the public asked the Silver Eagle
25 Blue Chip group at our first public hearing

1 about their Silver Eagle boat and how successful
2 that was. And in their public demonstration
3 they did indicate to us that the boat was not as
4 profitable as they had hoped and that, in fact,
5 that they were working with the Gaming
6 Commission in the State of Illinois on a
7 possible solution to their problem.

8 And then it came up again at another
9 hearing and the -- before the Silver Eagle
10 closed at the last public hearing they indicated
11 to us in their presentation that the boat was
12 in -- I wouldn't say they said serious
13 trouble -- but they did say that they were
14 having extreme difficulty. Go ahead.

15 Secondly, to address your question about
16 the employee suit, certainly I, as a working
17 person, can understand why the employees filed
18 suit. I would say there would be a high
19 sympathy level in the working people in the city
20 of Michigan City for those workers. If I had
21 known that a suit was filed, I'm sure that there
22 would be some impact as far as sympathy and
23 empathy for those workers.

24 MR. VOWELS: I guess if I were standing in
25 your shoes, I can't say that I would not feel

1 uncomfortable with the possibility of a company
2 that was not able to foresee the problems that
3 this company ran into in Illinois.

4 If there would be Indian gaming, Native
5 American gaming, in the region here along with
6 the boats getting in the water in Lake County
7 sometime in the near future, can you tell me why
8 it is that you don't feel uncomfortable with
9 that?

10 MAYOR BERGERSON: I don't feel
11 uncomfortable because, as I explained to you,
12 the entire project is not the Silver Eagle boat
13 and the fact that it closed. To me and through
14 the reading that I have done -- I did go into
15 Wallstreet and talk to them about this company
16 as well as the other companies -- and the depth
17 of the financial background that their investors
18 have as compared to other companies.

19 I did talk to people in the gaming industry
20 who had a high level of confidence in their
21 ability to work through their Silver Eagle
22 problems, to address the employee lawsuits, and
23 I guess that's where my level of comfort comes.

24 I think that company obviously has gone
25 through some difficult sometimes but they are

1 not the entire makeup of Indiana Blue Chip as
2 far as I can understand.

3 MS. BOCHNOWSKI: In fact, all three of the
4 applicants -- and I don't have those particular
5 books in front of me because I was going to
6 address each applicant individually -- but just
7 as long as we are on the financial end here, all
8 three of the applicants seemed to have some --
9 some question as to whether they would even --
10 where their money is going to come from as far
11 as taking on debt and their ability to support
12 that additional debt within the companies, we
13 have seen that.

14 Do you have some -- I mean are you -- do
15 you feel confident in these companies? I'm a
16 little concerned about their financial ability
17 to carry this out.

18 MAYOR BERGERSON: I have had discussions
19 with the endorsed company, Indiana Blue Chip,
20 because I do also have that concern. As you can
21 imagine, in my position I have to be sure that I
22 protect my community, that's my bottom line. I
23 would rather have no development than a
24 development that's going to fail in a year
25 because that is not going to help us in the long

1 run.

2 I did discuss it with them. I believe in
3 their presentation tomorrow they will be able to
4 provide to you a level of assurance which they
5 have provided to me as well because that is a
6 concern. We would be doing our city no service
7 and our people no -- giving them no advantage if
8 we bring in a company that is going to fail
9 shortly.

10 MR. SWAN: Excuse me. Mayor, were there
11 other sites under consideration besides the two
12 that we are seeing now?

13 MAYOR BERGERSON: I believe these two
14 sites were narrowed down several years ago. In
15 fact, they were brought to us by some of the
16 other -- as I told you, we had 22 companies
17 originally -- those companies and their
18 developers actually came to us and suggested the
19 upstream site particularly where they saw a
20 great amount of abandoned industrial sites and
21 an opportunity for their companies to remove the
22 blight and make that a part of our tax base.

23 MR. SWAN: But there were some other sites
24 before or not?

25 MAYOR BERGERSON: No. I would say that

1 run.

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3 their presentation tomorrow they will be able to
4 provide to you a level of assurance which they
5 have provided to me as well because that is a
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18 developers actually came to us and suggested the
19 upstream site particularly where they saw a
20 great amount of abandoned industrial sites and
21 an opportunity for their companies to remove the
22 blight and make that a part of our tax base.

23 MR. SWAN: But there were some other sites
24 before or not?

25 MAYOR BERGERSON: No. I would say that

1 there were no other sites, those were the two
2 sites. And the upstream site received support
3 from the community several years back and that
4 has been consistent. We have not changed our
5 position on that.

6 MR. SWAN: How did you receive that support
7 -- I'm just curious -- you said you had the
8 community's support several years ago for the
9 upstream site?

10 MAYOR BERGERSON: When we had the
11 referendum, the site that was presented to the
12 public as a site for riverboat gaming was the
13 upstream site. That was basically the site that
14 the developers at that time were focusing on.
15 So when the referendum vote was taken, that site
16 was the one that -- you know, obviously we
17 didn't have any specific plans when we talked
18 about the concept of riverboat gaming, but in
19 the discussions we did talk about that
20 particular site.

21 The city council did pass a resolution
22 endorsing the referendum vote in the process and
23 also the fact that we would share our wins, I
24 guess you would say, with the rest of the county
25 to assist the other smaller communities and

1 their infrastructure as well. One second.

2 (Mayor Bergerson confers with staff
3 off therecord.)

4 MAYOR BERGERSON: Chuck, who has a longer
5 memory than I do, reminded me that there was a
6 company, a very sizeable, well respected company
7 who came in and suggested repeatedly that they
8 build a project, a riverboat project, in
9 Washington Park. We expressed to them
10 immediately that was the third site, I guess you
11 could say, that that would never do, that our
12 community and our public would never stand for
13 it.

14 And this morning, in fact, on our bus tour
15 I explained to you that whenever there has been
16 a private move or infringement on the public
17 waterfront, on any of the lands on the
18 lakefront, there has been a huge public outcry.

19 The old Smith Brothers property potential
20 condominium development received a petition
21 drive against it, I believe, with 3,000
22 signatures. When there was a move to expand the
23 marina 12 years ago, 6,000 people stepped
24 forward and signed saying that they did not want
25 the lakefront infringed upon. So the plan that

1 was proposed for putting the riverboat actually
2 out there where you saw the public launch ramp
3 this morning was completely disregarded by the
4 city. We told them to find another location.

5 MS. BOCHNOWSKI: On that Trail Creek site
6 that you prefer, the law is a little bit
7 difficult to understand there. I mean I guess
8 it's legal because it's navigable water, it
9 leads into Lake Michigan. But have you spoken
10 with your local legislators to make sure that
11 that is the legislative intent, that it can be
12 somewhere other than on Lake Michigan?

13 MAYOR BERGERSON: Yes. I spoke with our
14 state legislators as recently as Friday
15 afternoon. As you can imagine, they think that
16 it matches the legislative intent because it's
17 for their district and the county they live in,
18 obviously that's a call you have to make. We
19 feel very comfortable that it does meet the
20 requirements of the statute. The boat will
21 move, it will -- it is a navigable body of water
22 that, as you saw today, is directly and actually
23 not very distant from the full waters of Lake
24 Michigan.

25 But quite frankly if you saw the site this

1 morning and you saw the north winds blowing off
2 the lake and the ice flows, being on the lake is
3 not a practical consideration. The Coast Guard
4 has found it to be a very difficult situation in
5 Michigan City, and the DNR and port authority
6 have spoken out specifically against that site,
7 so I guess it's your call. But we feel it does
8 meet the statute. Our community would prefer
9 the upstream site because of the development
10 needs and also the safety and the comfort
11 aspects as well.

12 MR. MILCAREK: With the upstream site and
13 the swing railroad bridge that's blocking the
14 entrance, what plan would you use to get a boat
15 to the site? Would it be built on site, or
16 would some work be done to widen that just to
17 get the boat in? What is the plan for that?

18 MAYOR BERGERSON: One second, please.

19 (Mayor Bergerson confers
20 with staff off the record.)

21 MAYOR BERGERSON: There are a couple
22 different plans put forth by various developers.

23 MR. PUGH: My name is John Pugh. And as
24 we understand it, each developer has a different
25 plan relating to this. I believe there is a

1 plan that would actually build a boat on site.
2 And there is another plan that would involve
3 moving the boat into the site. Under that
4 railroad bridge I believe there is a clearance
5 and I think it's -- is it 40 feet wide?

6 We have approximately a 40 foot wide
7 clearance under that bridge, and under the right
8 conditions it would be possible to move a boat
9 in. There is also the option of building the
10 boat on the site.

11 MR. KLINEMAN: You are talking about a 42
12 feet width when the bridge is open?

13 MR. PUGH: That's correct.

14 MR. MILCAREK: If there is enough room to
15 get a boat in, could some provisions be made to
16 get the boat out? I don't just mean moving it
17 out, but it seems to me this would certainly
18 settle the problem of cruising. If you could
19 get past that bridge, that would eliminate that.

20 MR. SWAN: Well, actually in the
21 information I have the narrowest of the boats
22 proposed is 46 feet so it doesn't sound to me
23 like it would fit.

24 MR. PUGH: I think it would be problematic
25 if we tried to move a boat in and out on Trail

1 Creek on a regular basis. One of the reasons we
2 support the upstream site is that a boat on the
3 site that would move back and forth on a channel
4 into the creek and so forth, is what we think
5 benefits the area and benefits the community by
6 particularly not causing havoc with the existing
7 boating traffic and the development along Trail
8 Creek now, and not excluding the safety factor
9 and the comfort factor that Lake Michigan causes
10 us on certain days and how many good, safe
11 navigable days will we have on Lake Michigan,
12 that's certainly a concern.

13 MR. MILCAREK: What would you estimate the
14 total length of the cruise would be in feet or
15 miles or blocks, 600 feet, 1,000 feet, two
16 miles, what would you --

17 MR. PUGH: I know that those distances are
18 included in exact proposals, offhand I don't
19 recall. I would prefer not to answer that
20 because I would be guessing. I think you will
21 get those exact distances in your presentations
22 tomorrow.

23 MR. MILCAREK: Will there be a large
24 amount of dredging required?

25 MR. PUGH: Well, as I understand it,

1 dredging would certainly be a part of it. This
2 site was originally thought of as a marina site
3 and there were original plans, in fact, to
4 dredge out a large portion -- to dredge out the
5 entire area. A casino development certainly
6 represents less amount of dredging required.

7 MR. MILCAREK: I understand there was a
8 corps permit in place since 1993, could you use
9 that permit for this project?

10 MR. PUGH: Again I may be overstepping my
11 bounds a little bit. My understanding as city
12 planner is that the corps permit is valid and we
13 would hope that it would continue to be used. I
14 really can't speak on behalf of the developers,
15 they would have to go out and secure that.

16 MR. MILCAREK: I would like to address
17 traffic for just a moment. Mr. Oberlie stated
18 that Mount Baldy and other places the parking
19 lots are full. I have read several articles
20 that Highway 12 and 35 is under used. But in
21 peak traffic times I'm sure that Ms. Linda Bell
22 could tell you that getting out on Meer Road
23 onto Highway 35 is nigh on impossible. Are
24 there any plans to put some signals or some type
25 of traffic control by the Indiana Department of

1 Transportation?

2 MR. PUGH: Yes, sir. We are in the
3 process of reviewing that particular
4 intersection, Meer Road and Highway 35, with the
5 Indiana Department of Transportation. Ms. Linda
6 Bell brought that to our attention, it's been
7 before the Michigan City Board of Public Works.
8 We are certainly looking at that. The city can
9 provide information on Meer Road.

10 Meer Road is a unique road, one side is in
11 the city and the other side is in the county.
12 But we're going to try to pull the county and
13 state together to look at that. But getting
14 back to overall traffic flow, I think you
15 mentioned that Highway 35 and Highway 12 is
16 under used, we certainly believe that. And
17 that's one of the reasons we endorsed the
18 upstream site because we felt that it would help
19 our traffic patterns if we could move more
20 vehicles in and out on that site by using
21 Highway 12 and Highway 35 and also given our
22 experience with handling traffic for Light House
23 Place. I was there when the developers proposed
24 Light House Place, and frankly it's been more
25 successful than they estimated.

1 But as a city planner and urban planner we
2 were a little bit scared with their projections.
3 Their projections basically have come through
4 and we've been able to handle the traffic
5 through a variety of access points. Originally
6 they had proposed to use Highway 35, Michigan
7 Boulevard, and direct traffic in that way, and
8 some traffic does use that route. We also have
9 Highway 421, Highway 12, Highway 20, so it
10 really proved not to be a problem. And we are
11 confident that this site would work as well.

12 MR. MILCAREK: I feel that it is under
13 used the majority of the time, this morning on
14 the way to the tour you could pretty well judge
15 that. But I was mostly concerned with peak
16 traffic hours, and you have answered that
17 question.

18 Has any thought been given to opening up
19 another exit on I-94 in the county line area?

20 MR. PUGH: Yes, sir, it has. And that
21 project goes back some time. We referred to it
22 as the I-94 interchange and County Line Road
23 widening project, and we are very much in favor
24 of that project. The city of Michigan City has
25 served as the lead agency during the

1 environmental phase of that project.

2 The environmental phase was completed and
3 late last fall, in late November, city officials
4 met with the national park and INDOT officials
5 and our consultants to try to revise the
6 environmental statement to see what we could do
7 to get the project going again.

8 And one of the prime aspects is that we
9 would like to have another route certainly to
10 accommodate our existing development and any
11 proposed new development, so we are trying to
12 get that project moving again. It's been
13 dormant for some time simply because we really
14 haven't had the funds to proceed with it. I
15 believe that project would move up to the
16 forefront. It would do a number of things, it
17 would give us a new route into the north end of
18 the city and also help the national park a great
19 deal.

20 MR. KLINEMAN: Thank you. I presume
21 because you are right here on the lake you have
22 had some emergency response plans in existence
23 up to now but I guess, as you know, this would
24 have to be satisfactory to the Coast Guard.
25 Have you made any contingency plans on fire and

1 police and other emergency response programs?

2 MR. PUGH: You mean on behalf of the city?

3 MR. KLINEMAN: Yes.

4 MR. PUGH: Well, we certainly thought
5 about that at least from my perspective. If
6 you would like me to continue, I will defer to
7 the fire chief. If you recall, I alluded in my
8 remarks to secure a low profile development that
9 we could serve and serve well. We certainly are
10 not looking for anything that's going to strain
11 our capabilities. We are familiar with a low
12 profile. We had buildings in this city seven,
13 eight to nine stories tall, we can accommodate
14 those. But I think I'm going to step aside and
15 give the floor to the fire chief.

16 MR. MARTIN: My name is Ralph Martin, fire
17 chief of Michigan City. We are on the verge of
18 implementing new procedures, and hopefully some
19 of these procedures will accommodate any
20 emergency we have on the lakefront. We just
21 purchased a new piece of equipment that would
22 give us the capability to reach out into the
23 channel to provide some type of rescue and fire
24 extinguishment if needed.

25 MS. BOCHNOWSKI: Have the companies that

1 have applied here indicated a willingness to
2 work with you and possibly help provide some of
3 this equipment and training that you might need
4 to people or whatever?

5 MR. MARTIN: I'm not aware of anything
6 specific, only the commitment to do so and, you
7 know, trying to provide the service. I'm not
8 sure of anything specific.

9 MR. KLINEMAN: Are you presently providing
10 any kind of emergency response for things that
11 happen out on Lake Michigan? And I understand
12 if the Trail Creek facility was utilized, the
13 location was utilized, it would have not the
14 same problems that a ship at sea so to speak
15 would have in connection with emergency
16 responses.

17 MR. MARTIN: Can I just say, sir, I was
18 involved in a large boat fire around the middle
19 of the 1980s, and we did work in cooperation
20 with the Coast Guard to successfully handle that
21 situation. Our police chief, I think, can
22 address some of this a little better.

23 MR. KUNKEL: My name is Larry Kunkel. I'm
24 the chief of police of the Michigan City Police
25 Department. We have had a marine unit with our

1 police department for several years. We have
2 just worked this year with the U.S. Coast Guard
3 and through -- through some state
4 representatives and some other people to get a
5 22 foot Boston Whaler from the U.S. Coast Guard
6 that they retired and gave to us. That's being
7 outfitted right now as our marine unit to be
8 used for search and rescue and dive, and it's
9 also loaned to the fire department as needed to
10 address these sort of things. And, yes, we do
11 respond on Lake Michigan when we can.

12 MR. KLINEMAN: I guess the more important
13 question: Since your recommended side is Trail
14 Creek, has anyone given any idea or any thought
15 to emergency response for an emergency in a
16 cruising boat on Trail Creek, which obviously
17 would not be very far from shore but far enough
18 that there would have to be some idea -- and
19 again I guess the key question that Commissioner
20 Bochnowski has asked -- were the applicants
21 working with you at all, or have you had any
22 discussion with the applicants about them
23 participating in the formulation of an emergency
24 response?

25 MR. KUNKEL: I have not. However, the 22

1 foot Boston Whaler that I had talked about
2 before, part of the criteria in obtaining this
3 is it would be used for rescue purposes as
4 needed on that part.

5 As far as traffic concerns go -- I think
6 you asked that question a minute ago -- I do not
7 believe that the traffic pattern will be
8 impacted at all by opening up 12 and U.S. 35 for
9 ingress and egress to our city. Right now the
10 vast majority of the traffic comes in at 421,
11 Ohio Street and from the west -- the west exit
12 of I-94 so we're not overwhelmed with that. I
13 think the traffic flow coming in from the east
14 side of the city will not negatively impact us
15 at all.

16 MR. MILCAREK: I would comment on that
17 saying at certain times like Friday afternoon
18 you try to drive on Franklin Street past
19 Wal-Mart, it's an area you avoid. Also at peak
20 times on Highway 35 at the LaPorte County
21 Tourist Center there, you cannot -- I live in
22 that area so I would beg to differ with you.
23 Between 4:00 and 5:00 on a Friday or almost any
24 day it's -- you are taking your life in your
25 hands pulling out on that street. So I wasn't

1 so much concerned with the total load on the
2 road, but during peak times people are going to
3 work and returning from work adding a lot of
4 cars on that particular stretch of road, it
5 could be and probably will be a problem.

6 MR. KUNKEL: Okay.

7 MR. VOWELS: I have a couple quick
8 questions, maybe the mayor or someone can answer
9 this. This site -- I have got the same little
10 map, and I'm trying to figure out where the
11 upstream site is. Can somebody point to that on
12 the map over here for me. I'm looking at
13 between 35 and 12, where does the railroad
14 bridge fit into it?

15 MR. KUNKEL: Highway 35 coming in from 94.

16 MR. VOWELS: Is that Michigan Boulevard?

17 MR. OBERLIE: Yes. U.S. 12 coming across
18 the swing bridge before you cross open water
19 just north of that you will cross the swing
20 bridge.

21 MR. VOWELS: So is it between the railroad
22 bridge and the U.S. 12 bridge?

23 MR. OBERLIE: The site is on the other
24 side of 12, it's upstream from 12.

25 DR. ROSS: How far up does it go?

1 MR. OBERLIE: The potential site runs all
2 the way up to E Street. As we came off the site
3 this morning on the second bridge. It covers
4 both sides of the creek along that side and an
5 industrial site -- the Chicago Car Shop on the
6 corner of Michigan Boulevard and 8th Street back
7 along 8th Street up to and not including the
8 public housing site.

9 MR. VOWELS: At the top of the map where
10 it shows Washington Park and Sheridan Beach up
11 there on the right, can you tell me how much
12 stretch of waterfront property is incorporated
13 in the city of Michigan City?

14 MR. OBERLIE: There is about a mile and a
15 half of public beach.

16 MR. VOWELS: What about private?

17 MR. OBERLIE: There is private beach in
18 the parcel between what is shown as 1st Street,
19 California, and Washington Park. That small
20 stretch has preparing rights for the condominium
21 high-rise that was there this morning.
22 Everything from there to the town of Long Beach
23 is public beach.

24 MR. VOWELS: Where does the Michigan City
25 line end?

1 MR. OBERLIE: Out here (indicating) along
2 this mile and a half, everything in the city
3 except one parcel there is public beach.

4 MR. VOWELS: And there wasn't any
5 consideration further up for any dock sites up
6 there?

7 MR. OBERLIE: It's really not practical in
8 terms of trying to dig a channel and protect it
9 directly on to Lake Michigan itself, it requires
10 serious break waters and channels dug into the
11 land. There was at one time discussions before
12 we got started about digging a channel into a
13 former sand mining site on the opposite side of
14 Lakeshore Drive, that would have gone through
15 the residential area and required a cut to the
16 Lakeshore Drive which is a narrow two-lane road
17 that runs throughout that residential area.

18 MR. VOWELS: Is that beach front property
19 farther up to the east that's not on the map, is
20 that as sacred as what we are looking at here in
21 Washington Park?

22 MR. OBERLIE: It's very highly developed,
23 very densely developed.

24 MR. VOWELS: So that was never a
25 consideration based on the same factors as

1 Washington Park?

2 MR. OBERLIE: Yes, sir.

3 MR. THAR: While you're at that map, could
4 you show the harbor area, please, on that map.
5 NIPSCO has sent a letter saying they will only
6 allow the property to be used for a temporary
7 cite, where is this?

8 MR. OBERLIE: Along the lakefront down
9 around the curve.

10 MR. THAR: Where is the DNR property?

11 MR. OBERLIE: About this point to here
12 (indicating), one parcel is included on that
13 site.

14 MR. THAR: DNR has indicated they will
15 neither lease nor sell the property for a
16 riverboat interest, is that the city's
17 understanding?

18 MR. OBERLIE: Yes, sir. That is correct.

19 MR. THAR: What property remains in the
20 harbor then that can be developed for a
21 riverboat?

22 MR. OBERLIE: The George Boat marine
23 property right at the foot of the Franklin
24 Street Bridge, that's probably 100 feet wide
25 between DNR and immediately abuts the bridge

1 itself.

2 MR. THAR: That's the only owned privately
3 owned property that's available then?

4 MR. OBERLIE: The only one we are aware
5 of.

6 MR. THAR: The other side of the harbor,
7 is that all city owned?

8 MR. OBERLIE: There is one parcel, the
9 former Smith Brothers cough drops site, which is
10 next to the 1853 Light House Museum, which there
11 will be significant environmental impacts on.
12 The site itself has an approved grant help by
13 the State of Indiana to help us acquire that
14 property. We intend to move forward on that
15 once we know what's going to happen with the
16 boat.

17 MR. THAR: So there is one parcel
18 available for the harbor site?

19 MR. OBERLIE: As we understand it, yes,
20 sir.

21 MR. MILCAREK: Would you show us on that
22 map where you would plan to put the temporary
23 boat.

24 MR. OBERLIE: It's our understanding that
25 will be addressed tomorrow, that NIPSCO would

1 make available a small parcel of land along the
2 bend for purposes of housing a temporary
3 facility for not more than one year.

4 MS. BOCHNOWSKI: So basically with those
5 restrictions it would be almost impossible to
6 even choose the harbor site.

7 MR. OBERLIE: Yes.

8 MR. VOWELS: And the DNR, my understanding
9 was they deeded it to the DNR with some
10 restrictions and covenants, one being that it
11 could not be used for --

12 MR. OBERLIE: Yes.

13 MR. VOWELS: I don't have the specific
14 language here -- but obviously riverboat gaming
15 with would not fit with the exceptions to that.

16 MR. OBERLIE: The language of the city of
17 Michigan City for was that it was for public
18 use, and the property, therefore, was granted to
19 DNR for their purposes for public access. And
20 according to their position they would honor
21 that and it would not be available for private
22 use. As we understood it, it also meant they
23 would not allow commercial use to tie up the
24 dock itself.

25 MR. VOWELS: Along with NIPSCO the DNR

1 spot is an impossibility also?

2 MR. OBERLIE: Yes, sir.

3 MS. BOCHNOWSKI: You indicated that the
4 site that you prefer, the upstream site, does
5 not have significant environmental impact, that
6 you would not have the environmental problems
7 that you might have in other locations?

8 MR. OBERLIE: By environmental I'm not --

9 MS. BOCHNOWSKI: I'm just asking, are
10 there any problems with the upstream site? It
11 looks like the harbor site is virtually
12 impossible other than the fact that it's not on
13 Lake Michigan.

14 MR. OBERLIE: The upstream site did have a
15 corps permit issued for dredging purposes for a
16 previously proposed wet marina, so those issues
17 were identified as part of that process. And we
18 believe there is nothing new to be addressed to
19 this site as well.

20 MR. KLINEMAN: Anything else?

21 DR. ROSS: Yeah. If you look at the map,
22 it seemed the lower end of Trail Creek from the
23 bridge out to the harbor is wider and about the
24 same length as upper Trial Creek, why did you
25 not consider that at all in the plan?

1 MR. OBERLIE: Between the bridge around
2 the lakefront area?

3 MR. ROSS: No, between the bridge and back
4 up this (indicating) way.

5 MR. OBERLIE: That's all private
6 development. There are a series of condominiums
7 and slips on the south side, on the north side
8 is a major marina also with slips. A large
9 vessel would block the entire marina traffic
10 movement. The creek itself is basically a
11 highway of boats. In the summertime it is very
12 congested and it would not allow for a major
13 vessel, such as a gaming boat, to move back and
14 forth without basically shutting it down.

15 MR. SWAN: How wide is it back where
16 you're proposing?

17 MR. OBERLIE: John or Bruce. I will let
18 the harbor master answer that.

19 MR. KLINEMAN: Identify yourself.

20 MR. RUDISELL: John Rudisell. I'm the
21 harbor master for the Port Authority. On the
22 upstream site it varies from 100 foot down from
23 the E Street Bridge down to about 75 foot.

24 MR. THAR: That's not the area that they
25 have been pointing out.

1 MR. RUDISELL: If you are referring to
2 this area (indicating) right up in here --

3 MR. THAR: Yes.

4 MR. RUDISELL: I'm sorry. That's not the
5 area you are referring to. -- up on the area of
6 Sprague marina.

7 MR. SWAN: Is there some plan to widen
8 that? I'm not sure what I want to say there If
9 the boat is 75 feet wide or something and that's
10 only 100, that's not much clearance even there.

11 MR. RUDISELL: As Mr. Oberlie discussed
12 earlier, there was a proposal for an inland
13 marina in this (indicating) area to be dredged
14 out, so that has been addressed, yes.

15 MR. SWAN: How far back were they going
16 that way with the dredging on that, do you know?

17 MR. RUDISELL: I believe a developer at
18 one time had proposed to go back almost to the
19 Highway 12 bridge with that.

20 MR. KLINEMAN: Anything further?

21 MR. VOWELS: I have just one other
22 question, Blue Chip showed us that their boat --
23 and these things change all the time -- their
24 permanent boat would be 320 feet by 70 feet.
25 How is that thing going to get in there or how

1 are you going to build it in there, have they
2 told you that?

3 MR. THAR: We'll wait for Blue Chip.

4 MR. VOWELS: Okay. We'll wait for Blue
5 Chip.

6 MR. KLINEMAN: Anybody else have anything
7 else?

8 MR. SWAN: Jack does.

9 MR. KLINEMAN: Yeah, I know. Anybody else
10 before we get to Mr. Thar, who always rescues us
11 at the last minute.

12 MR. MILCAREK: Mayor, on your opening
13 remarks you indicated some plan to share the
14 wealth with neighboring cities or something,
15 could you elaborate more than on that.

16 MR. OBERLIE: I'm Chuck Oberlie. As
17 alluded to in my comments, the city council has
18 passed a resolution pledging to share up to 25
19 percent of the win tax. Our objective would be
20 to put those into specific projects to identify
21 some health problems within our county, the
22 first one would be to extend water lines
23 directly to the county landfill on 300 North to
24 solve the problem of occluded wells in that
25 area.

1 Secondly, we would address sewer needs in
2 the towns of Trail Creek and Pottawattomie Park,
3 both of which are on septics. And wells when
4 their septics fail, they percolate directly into
5 Trail Creek itself and, therefore, impact
6 potentially the water source of the community
7 which is the lake. Our fourth priority would
8 then be to extend sanitary sewers out across
9 I-94 into the county's growth areas.

10 This past year in cooperation with the
11 Department of Indiana Departmental Environmental
12 Management to receive a grant to construct some
13 artificial wetlands to solve its failed septic
14 systems in the Trail Creek drainage basin, we
15 would attempt to solve those problems on a
16 permanent solution with the funds from the
17 sharing of the revenues.

18 MR. MILCAREK: Are there any plans to
19 share with any of the outlying cities such as
20 Westville or LaPorte or something like that?

21 MR. OBERLIE: Not initially. The belief
22 of the community based on the unemployment
23 statistics that are available say that the large
24 share of the unemployed and in the area of need
25 is in the northern tier of the county, and it's

1 also the tier that's having significant health
2 problems. We thought we would choose to address
3 those initially on an immediate basis.

4 MR. KLINEMAN: Mr. Thar.

5 MR. THAR: Just two areas, Mr. Chairman.
6 Before I have been advised that there is a bus
7 parked blocking hotel delivery. So if there is
8 a driver here that brought a bus that's blocking
9 delivery, could you please move it.

10 Mayor, these are probably questions for
11 you. It's my understanding that with regard to
12 the preferred developed area, that a lot of the
13 land owned down there is presently being held by
14 a bank based upon a project that did not go
15 forward some years ago; is that correct?

16 MAYOR BERGERSON: New Port Marina, I
17 believe, is in bankruptcy. There are other
18 abandoned industrial sites that we pointed out
19 to the group this morning that are being held by
20 a bank in Michigan City who have, to the best of
21 my knowledge, offered no certain package group
22 to any of the developers. But they would deal
23 with whichever company received a license at
24 that point, they would negotiate on that land.

25 MR. THAR: My question goes to another

1 aspect of that same point and that is this: Is
2 there anybody involved in the selection of that
3 as the preferred site that is involved with the
4 people that hold those parcels of land?

5 MAYOR BERGERSON: To the best of my
6 knowledge there is no one. Everyone on the 22
7 member committee signed a noncollusion affidavit
8 agreement saying that they had no interest at
9 the time we were negotiating with the developers
10 and going through the process. To the best of
11 my knowledge there is no one who has any
12 financial interest in the property that you are
13 talking about.

14 MR. THAR: Secondly --

15 MR. KLINEMAN: Excuse me, Jack. Along the
16 same lines has the city or anyone on behalf of
17 the developers obtained any kind of option to
18 the people who now control the land? We got in
19 a situation in Gary where -- having granted a
20 certificate based upon the representations that
21 the site control was, quote, no problem, then we
22 went through a process that took quite a few
23 months before the site did come under control of
24 the developers and it caused considerable delay
25 in Gary. And I just wondered if there has been

1 any plans made. If someone owns a piece of land
2 and all of a sudden it is the designated site
3 for a riverboat, the price seems to move in the
4 opposite direction from the real value.

5 MAYOR BERGERSON: Right. I can understand
6 your point. Obviously the land owners in
7 Michigan City have known for a good, long time
8 which land has been under consideration. There
9 is a representative here from First Citizens
10 Bank who is one of the large property holders.
11 I believe the land is in a trust by that bank.

12 The city of Michigan City has not entered
13 into any negotiations to hold the real estate,
14 but I believe it's all in private hands. And if
15 you would like the bank to speak to that point,
16 I'm sure we could ask Mr. Dabagia to come up.
17 Is that something you would like?

18 MR. KLINEMAN: I would like to hear some
19 comfort in the site control aspect. And I don't
20 know what percentage we are talking about, are
21 we talking about 90 percent or 10 percent or 20
22 percent.

23 MAYOR BERGERSON: This is Bob Dabagia, vice
24 president of First Citizens Bank. And I believe
25 some of the land in upstream site is in holding

1 by his bank.

2 MR. KLINEMAN: Welcome.

3 MR. DABAGIA: Thank you. It was not my
4 intention to speak here today but I'm glad I
5 came. I would like to put your fears to rest,
6 if you have any. It was approximately two and a
7 half years ago that the bank was approached by
8 one potential developer, who is not among of the
9 remaining three i might add, for an option on
10 the property because the property came in
11 possession of the bank due to default on the
12 part of the borrower.

13 Actually we consulted with the bank
14 counsel. And we came to a conclusion after
15 lengthy discussions that we did not want to
16 happen in Michigan what has happened in various
17 other communities faced with casino development,
18 real estate speculation and so on.

19 We prepared first very carefully a letter
20 in which we stated our position and it was to be
21 a public position, that is so to say anyone who
22 is interested in that property, would be faced
23 with the very same language in essence saying,
24 in fact, that we will not sell the property
25 except to whomever obtains a license.

1 And in the event that the property is sold
2 to someone who has obtained a license and does
3 not execute that license, that is to say develop
4 a casino, that there would be further strings
5 attached so that ultimately the land would go to
6 whomever received the license.

7 It is my feeling that that language and
8 that discussion two and a half years ago was
9 done in the best interest of the community as
10 well as the bank and that is our position today,
11 that we have no intention of trying to make a
12 killing, for example, on the value of the real
13 estate. It is, in fact, the largest single
14 parcel of land owned by one owner on the
15 upstream site. I hope that answers the
16 question.

17 MR. KLINEMAN: Is your site such that if
18 no other ground was obtained, could a viable
19 operation be conducted? I guess viable is in
20 the minds of the beholder, but is it a usable
21 site to conduct the operation.

22 MR. DABAGIA: I believe so. Given the
23 statutory requirements and given the
24 negotiations the city has had with the several
25 potential developers, it's my belief that this

1 parcel would certainly be of interest even if
2 the location of the property or the primary
3 development would be adjacent to or somewhere in
4 the vicinity of it. In other words, there is
5 only so much land on Trail Creek that is
6 available and this parcel would certainly be
7 among the most desirable.

8 MR. KLINEMAN: Okay. Is the city
9 satisfied that we wouldn't get into a site
10 problem based upon what this gentleman has said?

11 MR. DABAGIA: May I say that as far as the
12 bank is concerned we are not going to have a
13 problem if this is the choice of the Gaming
14 Commission to approve the site.

15 MR. BECKMAN: Robert Beckman, city
16 attorney. It's my understanding -- I may be
17 slightly incorrect -- it's my understanding
18 that the bank has control of approximately 15
19 acres so we are talking about a substantial
20 amount of land. I also can inform you that the
21 city owns a municipal park and a marina in the
22 area which are also subject to possible uses.
23 And it's my understanding from everything that
24 we are aware of at this point and from the
25 representations you just heard from Mr. Dabagia

1 from First Citizens Bank that we are satisfied
2 that this site is the appropriate site, it is
3 large enough. And, in fact, the site is a
4 critical site and the only site up and down
5 Trail Creek where legally land is available for
6 a project of the dimensions that have been
7 proposed by the developers.

8 MR. KLINEMAN: Anybody else have anything
9 on this line? I'm sorry. Jack.

10 MR. THAR: Mayor. With regard --

11 MAYOR BERGERSON: I'm earning my keep
12 today.

13 MR. THAR: Could you outline for us what
14 incentives the city is looking for from a
15 developer. Aside from the development they
16 propose are there any additional incentives?

17 MAYOR BERGERSON: That process has
18 evolved. Originally we presented a wish list,
19 so to speak, of things that we had hoped for.
20 Each of the companies -- I would defer to the
21 gaming consultants who could give you specifics
22 of the agreements that we signed, but basically
23 we wanted a percentage that would have local
24 control.

25 We would have a percentage of the gross

1 gaming revenues and then the local community
2 could expend that money as it saw fit. We had a
3 little problem with setting the money down, for
4 instance, for zoo repairs, parking lot
5 improvements at Washington Park, because over a
6 time those problems would alleviate themselves
7 and we would still have money coming in and not
8 enough need for that. So we would rather have
9 the money come into a local pot and at that
10 point decide at the local level what those needs
11 were. I would defer to Dick Treptow to explain
12 the process a little better.

13 MR. TREPTOW: What the city is primarily
14 looking at is percentages of just the gaming
15 receipts as opposed to a new firehouse or
16 something.

17 MAYOR BERGERSON: No. We have so many
18 varied needs that we would rather bring the
19 money in. For instance, we are going to
20 relocate fire stations. We just completed a
21 fire study and that package to relocate stations
22 is \$3 million. That may be an immediate need
23 where down the road adjustments to the parking
24 lot or recreation center, those needs may be
25 more apparent. And we wanted to have the local

1 control to do the infrastructure work and
2 capital improvements as the city saw fit.

3 MR. THAR: Is there any incentive that the
4 city has been offered that the city is not
5 interested in?

6 MAYOR BERGERSON: Hold on just a minute,
7 please.

8 (Mayor Bergerson confers with
9 staff off the record.)

10 MAYOR BERGERSON: I think as in most
11 communities, if they are going to offer us
12 something that we can use, we would be happy to
13 accept it.

14 MR. THAR: Finally you had indicated in
15 your opening remarks this afternoon that the
16 city desires that its ability to enter into
17 gaming not be delayed. And you also talked at
18 the same time with regard to the projects here
19 while they may not be as big, as you made
20 reference to, the Trump project they are fine
21 for this particular city. Do you believe
22 anything could be gained for Michigan City if
23 the commission was to defer a decision at this
24 time?

25 MAYOR BERGERSON: We have, as I expressed

1 earlier, waited a long time to come to this
2 point. We have discussed that approach, waiting
3 to see what the market would bear, for instance,
4 with the Indian gaming projects coming forth,
5 the development of the casino markets to the
6 west of us. And quite frankly we feel our
7 market is very competitive as it is now.

8 And certainly we would like to be given the
9 opportunity to develop that market and get our
10 piece of the market share that's out there so
11 the tourists who come to Michigan City to shop
12 and to use our lakefront would then have the
13 opportunity to come to Michigan City for
14 conventions, for gaming, and for other amenities
15 that would be offered. To wait, quite frankly,
16 I don't see the gain to the community, in fact,
17 it would probably put the viability of the
18 project in a difficult situation.

19 MR. THAR: You believe it's the city's
20 position then if the commission can, it should
21 make a decision during this time frame?

22 MAYOR BERGERSON: We have waited an
23 extensive amount of time. We have done what we
24 think is our homework. We have spent a lot of
25 time and obviously money to study the proposals,

1 to look for what's best for the community. Our
2 bottom line is we would like Michigan City to
3 grow and prosper, and to us this is one way of
4 dispersing our economy, to wait would not be an
5 advantage community. The proposals that are
6 before you, I hope you will decide on and give
7 Michigan City the opportunity we very much
8 desire.

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

10 MR. MILCAREK: Mayor, you have selected
11 Blue Chip as your endorsed candidate, could you
12 or would you work with any other applicant that
13 was so decided?

14 MAYOR BERGERSON: The city of Michigan
15 City will work with the developer that the
16 Gaming Commission chooses for the community.
17 Indiana Blue Chip was the choice of the local
18 evaluation committee but obviously if the Gaming
19 Commission chooses another developer, we are
20 more than anxious to work with the developer
21 working in Michigan City.

22 We want a good corporate neighbor. We want
23 a development that will be good for our
24 citizens, that will provide local jobs and local
25 opportunities. So, yes, we with will work with

1 whatever developer is in Michigan City.

2 MR. KLINEMAN: Anything further? Thank
3 you very much, Mayor. And thank all of the
4 people from the city of Michigan City. You have
5 been very informative. Do you have any state or
6 federal agencies coming at all? We will take a
7 15 minute break at the present time, come back
8 about 25 of 4:00, 20 of. At the time we will
9 the hear public comments based upon requests
10 that have been submitted to the commission.

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12 (Proceedings concluded at or about 3:30 p.m.)
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2 STATE OF INDIANA)

3) SS:

4 COUNTY OF LAPORTE)

5 COURT REPORTER'S CERTIFICATE

6 I, Natalie Bearickx, CSR, and duly authorized to
7 administer such oath, do hereby certify that on the 12th day
8 of February, 1996, at the Pine Lake Hotel, 444 Pine Lake
9 Avenue, LaPorte, Indiana, State of Indiana, commencing at or
10 about the hour of 1:30 p.m., I then and there reported the
11 proceedings had before the Riverboat Evaluation Committee;

12 I further certify that I reported said proceedings by
13 the means of machine shorthand and that I have transcribed
14 my original shorthand notes through the use of
15 computer-aided transcription into the typewritten form and
16 that the foregoing and attached pages or parts of pages
17 number inclusively two through eighty-four comprise a true,
18 correct, complete and accurate transcript of said
19 proceedings;

20 IN WITNESS WHEREOF, I have hereunto set my hand and
21 official seal this 24th day of February, 1996.

22 Natalie Bearickx
23 Natalie Bearickx

24
25 THIS CERTIFICATE APPLIES ONLY TO THE ORIGINAL TRANSCRIPT
HEREOF AND DOES NOT APPLY TO ANY XEROX COPIES MADE OF THIS