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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)

THE MAYOR'S CLOSING COMMENTS
VOLUME VI Pages 491 thru 511

The Mayor's closing comments as had before the Indiana
Gaming Commission, commencing on Tuesday, February 13, 1996,
At or about 6:00 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
ROBERT SWAN
THOMAS F. MILCAREK

ORIGINAL

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 Tuesday, February 13, 1996 --

2 (At or about 6:00 p.m. Gaming Commission and
3 members of the public present at the Pine
4 Lake Hotel.)

5 MS. BOCHNOWSKI: We will have the Mayor
6 come up and she's just going to -- a few
7 questions have arisen during these hearings and
8 she would just like to clarify a few things for
9 us and entertain any questions.

10 MAYOR BERGERSON: I guess it's evening, so
11 good evening, Commissioners. I know it's been a
12 long day for you and some of you have to face a
13 drive back to the southern part of the state so
14 I will try to be brief. There were a few issues
15 raised over the last few days that I felt
16 deserved to be answered in person rather than by
17 letter.

18 At this time I want to address initially
19 the openness of the process in Michigan City.
20 As you can imagine, I have only been in office
21 for 40 days so my integrity is on the line here.
22 I have been a part of the process as a council
23 member. I was head of the Council Riverboat
24 Development Committee, so there are a few things
25 I would like to explain to you about the process

1 that may not have been clear from the
2 explanations that have come forth at this time.

3 As a council member we were committed to
4 appoint four community members to the 22 member
5 committee. In August and again in September I
6 issued a call to the community that if there
7 were any community members who wanted to be part
8 of the community committee, that they should
9 submit their names to me or to one of the
10 council committee members. One community
11 member, to my knowledge, came forth at that time
12 and he was placed on the committee.

13 There have been statements made that there
14 were people excluded from the committee and I
15 take offense to that. Quite frankly, the
16 process was open from my point of view. If
17 anyone had come forth at that point and wanted
18 representation, there were spots open. We
19 actually had to go out and approach people and
20 ask them if they would like to serve. The
21 council committee was -- every council member
22 was included, that was nine members. They
23 represented various areas of the city, six
24 different wards and three at large council
25 members, so I feel that there was a broad based

1 committee in place. The former administration
2 placed four people and the council also placed
3 four people, so quite frankly I think the
4 committee did represent the community and did
5 represent it well.

6 In addition there have been statements made
7 that there was no union representation. While
8 no union representative came to me or to the
9 council committee and asked for representation,
10 I do know for a fact that there were members of
11 the committee who are members of the unions.
12 Denzil Wilson and is a union -- I believe an
13 officer in his union. Paul Przybylinski is a
14 steel worker and a member of a union. Virginia
15 Martin is a bus driver and is a member of a
16 union. And there are two mentioned former
17 police officers who were members of the
18 policemen's union. So I think that that point
19 needs to be made that although union
20 representatives did not come forth and ask to
21 serve, there were members of organized labor who
22 served on the committee and who had those
23 interests in mind.

24 In addition regarding the openness of the
25 process at the beginning of the process we

1 stated -- and, in fact, the former mayor was in
2 was chairing the meetings -- he asked that any
3 community members who had questions would submit
4 those to the committee and we would forward them
5 to the developer. In fact, there were questions
6 that came forth in the committee, we passed
7 those along to the developers and we got answers
8 in the mail to the -- to the committee and we
9 reported on those at the following meeting.

10 The report that I presented to the Gaming
11 Commission, you should have received that on
12 Friday, was the report that was the conglomerate
13 of all 22 members of the committee, it is not my
14 personal opinion and it is not any one person's
15 opinion. But I was here as the mayor of
16 Michigan City to present the conglomerate
17 opinion from the evaluation that we did on the
18 December 6th. I want it to be known that as
19 mayor of Michigan City I'm considered a friend
20 of organized labor. And I have asked each of
21 the developers that I have talked to that they
22 though use local, that they use our local
23 tradesmen and women and certainly use local good
24 and services and I would stand by that today.

25 The issue also came up about the 25 percent

1 of the local share being shared with other
2 communities in LaPorte County. There was no
3 formal agreement put forth at anytime on that.
4 There was a resolution that presented the intent
5 of the last city council. Some of those members
6 have been replaced by -- via electric. There
7 was a resolution, I have a copy of it if you
8 would like to see that which did present a lot
9 of the issues of gaming and also presented
10 Michigan City's council opinion that we would
11 share 25 percent of the -- I think it was the
12 local wager tax to the rest of the communities
13 in the county, and I stand by that. We will
14 have to sit down and hammer out an agreement.

15 Yesterday the city controller spoke to you
16 about that 25 percent and spoke to you about the
17 overriding health concerns that have come forth
18 on our sanitary system, on the county landfill,
19 there are some tainted wells that need to be
20 addressed. So we had hoped that we could work
21 with the rest of the county and put that 25
22 percent in an infrastructure that would benefit
23 the entire county and absolutely address the
24 health concerns that have been cited by the
25 state.

1 Number three, the point about beach front
2 versus upstream development, I know you are
3 probably sick of hearing about this but the
4 question came forth about why we are so
5 protective of our beach, our waterfront, our
6 harbor and whether this poll, which I have not
7 seen and don't know anything about, whether that
8 really reflects the community's sentiments. I'm
9 only one voice and I have lived here for 20
10 years and I'm considered a relative newcomer. I
11 was not born and raised in Michigan City but I
12 can tell you from everybody that I have spoken
13 to -- I spoke to the city team today and asked
14 them for their opinion, the 22 member committee,
15 17 of those members who represent the community
16 spoke out and said that they felt that the
17 development would be in the best interest at the
18 upstream site. Now you can say that that is
19 subjective and obviously it is.

20 What I would say to you is that Michigan
21 City has a long history over one century of
22 trying to protect the waterfront for public use.
23 I mentioned yesterday two issues where private
24 development was suggested on or next to public
25 land. One of those projects was an expansion of

1 the marina, 6,000 people stepped forward and
2 said no. The second was a condominium project
3 right across from the George property that was
4 mentioned by one of the developers as a site.
5 It's owned by Frank McNowski (phonetic), the old
6 Smith Brothers property. Three thousand people
7 spoke out at that time and said no condos on our
8 lakefront.

9 The city of Michigan City has taken a
10 position that that one parcel next to the old
11 Lighthouse museum is a parcel we would like to
12 secure for public use and we are working on
13 that, working with the state to try to get some
14 relief to help us. What I guess I'm trying to
15 say to you is that a represent the public trust.
16 The 22 members of the committee spoke up very
17 strongly -- I don't have a poll to prove my
18 point -- but if you can talk with the people of
19 Michigan City particularly, there is a strong
20 feeling that the lakefront is for everyone's
21 use, they would like that remain. We have tried
22 to preserve it for over a century, and we would
23 like to continue to preservation.

24 The economic development that would
25 hopefully be spurred by the development

1 opportunities is the reason that the city of
2 Michigan City has promoted that site. At one
3 point a developer did come to us, and a very
4 sizable developer, who wanted to build on our
5 lakefront in Washington Park and we emphatically
6 said, no, we would be run out of town on a rail
7 if we brought that to the public. They receded
8 and came back to us, the developer came to us
9 with the upstream site and said this land
10 provides us with the greatest amount of space.
11 We don't want to be cramped, we want to be able
12 to expand as our development prospers to have
13 the ability to grow.

14 The upstream site obviously has a --
15 fulfills a lot of the development needs of
16 Michigan City. We have an area in Michigan City
17 that does not prosper, it is not bringing in any
18 tax revenue and obviously would benefit greatly
19 by a project of this size. Even if this project
20 was a scaled down project at the upstream site,
21 it would provide local incentive for businesses
22 to put their projects next to and add to that
23 attraction using the people who are coming to
24 Michigan City to use the riverboat development.
25 In the redevelopment area of Michigan City that

1 I showed you yesterday on the tour, the city of
2 Michigan City has over the last decade spent \$10
3 million of public funds trying to spur growth at
4 that Franklin Street area.

5 We have done what we think is our homework
6 in that middle section. Lighthouse Place is a
7 private development that has spurred the west
8 side of Michigan City, and now we are looking to
9 fill in that triangle that we talked about
10 yesterday and the upstream site would accomplish
11 that for us.

12 Last point I would like to make is the
13 development agreement. You have in your packet
14 a copy of each of the three development
15 agreements that we tried to hammer out with the
16 companies. We discussed a development agreement
17 with the companies two years ago when we had 22
18 companies in Michigan City. And, of course, at
19 this time we thought we had the world by the
20 string and we would could ask them for anything.
21 We did tell them at that time we would ask for a
22 development agreement to be signed before we got
23 in front of the Gaming Commission. Obviously I
24 didn't take negotiation 101 in college but I'm
25 sure that you would agree with me that the time

1 to negotiate is before you come to the
2 commission, not after.

3 My job is to protect the community. That
4 was the feeling of the 22 member committee, that
5 we would negotiate with the developers before we
6 got to this process because obviously after the
7 process we don't hold all of the cards anymore.
8 If there are any questions, I would be happy to
9 address them at this time. I do have city
10 representatives that can answer specific things.

11 MR. SWAN: I would like to ask one
12 question and we will have a chance to do this
13 later, too, I suppose but while you're here,
14 what are the circumstances involved surrounding
15 the NIPSCO letter that appeared yesterday, you
16 provided to us yesterday morning, why was that
17 suddenly prepared and put in our hands that day?

18 MAYOR BERGERSON: It wasn't suddenly
19 prepared. I will tell you that for the last
20 decade in Michigan City we have talked to
21 NIPSCO, the port authority has talked to NIPSCO.
22 And in the packet that you received, you should
23 have noted that there -- in the port authority
24 master plan that property is mentioned, in port
25 authority minutes that property is mentioned.

1 NIPSCO came to me a few weeks back and discussed
2 the public launch ramp and how their role would
3 be played with a temporary gaming facility. I,
4 of course, sat down with NIPSCO and discussed it
5 with them and didn't intend on moving anything
6 forward other than the temporary gaming site.
7 However, one of the groups came to me about a
8 week ago and informed me that they had plans to
9 buy NIPSCO property. I was a little built
10 alarmed because NIPSCO had not informed me about
11 any purchases or long-term leases of their
12 property.

13 I called NIPSCO to get a clarification and,
14 quite frankly, there seemed to be a little
15 internal, I guess you would say, disagreement in
16 NIPSCO between their economic development
17 department and their real estate department as
18 to what was exactly was going to happen to their
19 property. At that time NIPSCO decided they were
20 going to take a position which they had not
21 taken in the past and ask me if I would like a
22 letter to the effect that they were not selling
23 their property but would, in fact, be willing to
24 negotiate with the developers at no cost to the
25 city to harbor a temporary facility.

1 My bottom line was it would foster and
2 complete the negotiations we have had with
3 NIPSCO over a decade procuring public access to
4 the lakefront. That land that would be a
5 temporary cite would then be donated back to the
6 city. And I could tell the public, who wants to
7 use the lakefront that we have a public access
8 spot for them right on our beautiful harbor.
9 Any other questions.

10 MR. SUNDWICK: I have one or two since I
11 missed you yesterday. You said there was only
12 one person from -- you put out a -- you wanted
13 some more people to be involved, only one person
14 from the community on the 22 came forward?

15 MAYOR BERGERSON: One person submitted a
16 letter to me, I'm speaking to me, I got one
17 letter, that person did get a spot. We had --
18 the way the former mayor had set it up, the
19 committee was responsible for finding four
20 individuals. We did put four individuals on
21 there. I got one letter myself and the former
22 mayor also found four community members. So the
23 committee was made up of the nine council
24 members.

25 MR. SUNDWICK: Four from the old mayor?

1 MAYOR BERGERSON: Four of his
2 appointments, four of the counsel's appointments
3 and some city administrators from the former
4 mayor's staff.

5 MR. SUNDWICK: Okay. So really we got one
6 from the outside, everybody else knew somebody,
7 that's how they got involved?

8 MAYOR BERGERSON: No. No. He had members
9 of his administrative team. He had the city
10 attorney and the planner and the controller, but
11 then he also had four community members and then
12 the council also had four community members.

13 MR. SUNDWICK: These are people they knew,
14 obviously you had the 22 other people that wrote
15 to you and they must have known them and they
16 didn't drag them off the street?

17 MAYOR BERGERSON: We did put out a call,
18 the council did, for our four spots. We did put
19 out a call to the community and ask for people.
20 I will ask the former council president and
21 current council president if there were any
22 other things if you would like.

23 MR. SUNDWICK: Do me a favor, give me a
24 list of the 21 people.

25 MAYOR BERGERSON: Actually you should have

1 that in your packet.

2 MR. SUNDWICK: Do I have what they do?

3 MAYOR BERGERSON: Yes. You should have
4 their professions, their businesses, yes.

5 MR. SUNDWICK: I think the union
6 leadership yesterday was a union leadership
7 issue, I don't think it was necessarily union --
8 you said there was four people union people on
9 it and I think their complaint was not
10 leadership not necessarily --

11 MAYOR BERGERSON: May I interject. I
12 think the committee would have been more than
13 interested in having union leadership on there
14 if we had known of that interest. Quite
15 frankly, I did not hear of that complaint until
16 after December 6th when we decided. They felt
17 that they had not been included and I think
18 that's very unfortunate.

19 MR. SUNDWICK: Also let me characterize
20 one of the organizations -- characterize the
21 time frame from October to December was the
22 meeting time frame for the 22 people, how many
23 meetings did they hold?

24 MAYOR BERGERSON: We held four meetings.
25 I was not the mayor at that time so it was not a

1 schedule that I presented. But quite frankly,
2 Michigan City had been preparing for the
3 hearings for quite a long time for our local
4 evaluation. We wanted our hearings to be held
5 in a timely fashion so it wouldn't be too far
6 away from the committee hearings because our
7 data would be dated so to speak. So we did hold
8 four hearings, they were lengthy, they were open
9 to the public and to the press.

10 MR. SUNDWICK: I understand it was a
11 county vote that brings the license availability
12 to this Michigan City, am I right?

13 MAYOR BERGERSON: That's right.

14 MR. SUNDWICK: And you plan on taking 25
15 percent and redistributing that back to the
16 counties cities, is that --

17 MAYOR BERGERSON: Right. We have a
18 resolution which is obviously nonbinding that
19 the former council passed saying that we
20 intended to sit down with the rest of the county
21 and talk to them about that 25 percent, and I
22 would commit to today that it was a county
23 referendum although Michigan City particularly
24 will be impacted by the development. Our safety
25 and our police will be impacted obviously more

1 strongly than the rest of the county, but I
2 certainly would move forward on that agreement.

3 MR. SUNDWICK: So you are going to make a
4 commitment of a minimum of 25 percent to the
5 rest of the county?

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

8 (Mayor Bergerson held a discussion off the
9 record.)

10 MAYOR BERGERSON: It's 25 percent of the
11 wagering tax and that should be in your
12 document. I can get that to you as well.

13 MR. SUNDWICK: So it's going to happen
14 though?

15 MAYOR BERGERSON: My commitment to you is
16 that it's going to happen. Obviously the city
17 council, I can't imagine they would choose not
18 to support their last resolution.

19 MS. BOCHNOWSKI: But the view -- in some
20 ways you are trying to direct where that money
21 is spent even though it's going to be for the
22 county's benefit you are -- the city of Michigan
23 City is determining to a certain degree how it
24 is to be spent.

25 MAYOR BERGERSON: We discussed that

1 yesterday with you about of the safety issues --

2 MS. BOCHNOWSKI: Right.

3 MAYOR BERGERSON: -- dealing with the
4 sanitary sewers and the needs. Obviously if we
5 sit down with the county and they don't want
6 that, I'm sure we can renegotiate that idea.
7 That was an idea that I put forth for because it
8 would really be in the best interest in terms
9 of the entire county, not just one group of
10 people.

11 MR. SUNDWICK: We went through this in
12 Lawrenceburg, Indiana. It became that
13 Lawrenceburg really ended up running the county.
14 They ended up with all the money and the county
15 was kind of hanging around Lawrenceburg trying
16 to get -- we want to make sure that doesn't
17 happen. I think it's a fairness issue and it
18 needs a resolution and what's going to happen.
19 I think that you ought to be as fair as you can,
20 tell them what you are going to do with the
21 money.

22 MAYOR BERGERSON: Your point is well
23 taken.

24 MR. SUNDWICK: The last thing, what year
25 was the power plant built that's on your marina?

1 MAYOR BERGERSON: The nuclear plant.

2 MR. SUNDWICK: Yes.

3 MAYOR BERGERSON: I really don't know the
4 date.

5 MR. SUNDWICK: Within the last 100 years?

6 MAYOR BERGERSON: Nineteen seventy-two is
7 what I'm being told, I came in '73 so 21 years.

8 MR. SUNDWICK: So we didn't have the same
9 outcry of protecting our beaches to the same
10 extent that we have today in this gaming board
11 that we have in the power plant?

12 MAYOR BERGERSON: I'm sorry.

13 MR. SUNDWICK: I said we didn't have the
14 same outcry of protecting our beaches to the
15 same extent that we have today in this gaming
16 board that we have in the power plant.

17 MAYOR BERGERSON: The cooling tower was
18 built then, I think that the plant was there and
19 that land was in NIPSCO's control for longer
20 than that. Does anyone have the facts on that?

21 MR. SUNDWICK: I'm just trying to figure
22 out when everybody got really concerned about
23 the beach. I came from Cleveland one time and
24 nobody was concerned, until lately they are
25 concerned.

1 MAYOR BERGERSON: Actually I'm from
2 Cleveland, too, and I was there when the river
3 burned.

4 MR. SUNDWICK: You said 100 years
5 everybody was concerned I, was just trying to --
6 as I sat here, I thought when did that become --
7 it was okay one time to build the facility.
8 That's all the questions I have. I told you I
9 would make it reasonably short.

10 MR. MILCAREK: I believe the NIPSCO plant
11 has been there for a very long time. They
12 actually hauled away one of the burned down
13 buildings on the hoosier site which is very
14 familiar to us. It's really an interesting
15 story which I'm not going to get into.

16 What I would like to ask is given the
17 strong feeling that you and the other 17 members
18 who selected the upstream site and your view of
19 how the people of Michigan City are so
20 protective of the harbor site, are you adopting
21 the attitude that it's the upstream site or no
22 site or how would you address that?

23 MAYOR BERGERSON: You know, I had a feel
24 that was going to come. As you can imagine,
25 that is a very politically difficult question

1 for me to address straight up so I would dodge
2 it a bit and tell you that if it came down to
3 that question, I would have to go back to my
4 community and discuss it. I don't know how we
5 would assess that but certainly it would lead me
6 into a very difficult situation. We want
7 development, we want the economic rewards that
8 this development would bring and that is to be
9 balanced with preserving the lakefront for our
10 public to use.

11 MS. BOCHNOWSKI: Any questions beyond
12 that? Thank you very much. I guess that is
13 concludes it. Now, before everybody leaves I
14 know the big question is when will we get
15 together in Indianapolis to discuss this further
16 and possibly make a decision. We are looking at
17 sometime around or on March 20th. We have to
18 secure a place to meet and make sure that that
19 would be okay with Chairman Klineman. It's very
20 important for all of us to be in attendance at
21 all of these discussions. So once we know that,
22 it will be published and made public. I want to
23 thank everybody for sitting patiently through
24 all of this and coming and keeping us informed.

25 (Proceedings concluded at or about 6:20
p.m.)

1 STATE OF INDIANA)

2) SS:


3 COUNTY OF LAPORTE)

4 COURT REPORTER'S CERTIFICATE

5 I, Natalie Bearickx, CSR, and duly authorized to
6 administer such oath, do hereby certify that on the 13th day
7 of February, 1996, at the Pine Lake Hotel, 444 Pine Lake
8 Avenue, LaPorte, Indiana, State of Indiana, commencing at or
9 about the hour of 6:00 p.m., I then and there reported the
10 proceedings had before the Indiana Gaming Commission;

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

19 IN WITNESS WHEREOF, I have hereunto set my hand and
20 official seal this 4th day of March, 1996.

21 
22 Natalie Bearickx
23 Notary Public, State of Indiana
Laporte County
My Commission Expires 08/20/99

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