

ORIGINAL

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INDIANA GAMING COMMISSION \*  
REGULAR BUSINESS MEETING \*  
\* \* \* \* \*  
NOVEMBER 13, 1996 \*  
\* \* \* \* \*

The business meeting of the Indiana Gaming Commission was held November 13, 1996, at the Indiana State Teachers Association Building, 150 W. Market Street, Indianapolis, Indiana. The meeting was taken down in stenographic notes by me Peggy Morgan, a Notary Public in and for the County of Hendricks, State of Indiana.

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A P P E A R A N C E S

## COMMISSIONERS PRESENT:

Alan Klineman, Chairman  
Ann Bochnowski  
Robert Sundwick  
David Ross, M.D.  
Robert Swan  
Donald Vowels

## STAFF PRESENT:

Floyd Hannon  
Kay Fleming  
Jack Thar  
Cynthia Dean  
Michelle Marsden

1 MR. CHAIRMAN: The meeting will come to  
2 order. Let the record show that all the  
3 commissioners are present except for Mr.  
4 Mosaric.

5 The first item on our agenda is the  
6 review of the approval of the minutes of the  
7 meeting of October 11th, 1996. Do I hear a  
8 motion to approve those minutes?

9 MR. SUNDWICK: I make the motion.

10 MR. CHAIRMAN: Okay. Is there a  
11 second?

12 MS. BOCHNOWSKI: I second it.

13 MR. CHAIRMAN: All in favor say aye.

14 COMMISSIONERS: Aye.

15 MR. CHAIRMAN: Opposed or contrary?

16 The minutes are approved.

17 Next item, is the report of the  
18 executive director. Mr. Thar is not with us  
19 at the present time, although he may join us  
20 in progress. He had an appointment this  
21 morning with the State Budget Committee, and  
22 I think that is something that takes some  
23 priority, so he is there. But he may come in  
24 later.

25 But in the meantime we will have the

1 report of the executive director from  
2 Mr. Hannon, our associate director.

3 MR. HANNON: Thank you Mr. Chairman. I  
4 have a number of things to report. I will  
5 try to summarize them and answer any  
6 questions.

7 Regarding the Johnson Act, as you know,  
8 Congress passed a bill that gives Indiana an  
9 exception to the Act and will allow the boats  
10 on Lake Michigan to cruise. The President  
11 signed the bill in mid October. This task  
12 has been in contact with the U.S. Attorney in  
13 the north district and the Coast Guard.

14 The U.S. Attorney has advised that the  
15 bill has passed and does appear to be  
16 sufficient to allow cruising. The Coast  
17 Guard has looked at the safety issue, and if  
18 the boats are ready.

19 After meeting with the boats and its  
20 staff, the Coast Guard has stated that the  
21 boats need to be equipped with thermo-safety  
22 devices before they can cruise. The type of  
23 device needed is not available due to  
24 manufacturing problems. The Coast Guard  
25 verified manufacturing problems and that the

1 boats have been attempting to maintain the  
2 devices.

3 A secondary thermo device was  
4 available and can be used if the boats limit  
5 the cruise to no more than a quarter of a  
6 mile from their mooring, and within 30  
7 minutes of shore under emergency conditions.

8 The devices have been ordered and the  
9 Coast Guard was to conduct tests at  
10 Buffington Harbor on Tuesday. However, due  
11 to weather they have been rescheduled for  
12 today.

13 We have advised the boats that we will  
14 expect them to initiate cruising, absent some  
15 other statutory reason, by Friday the 15th of  
16 this month. Essentially the Hammond boat  
17 will cruise within the harbor and the  
18 Buffington boats will be cruising within the  
19 Lehigh area of Buffington Harbor.

20 In Rising Sun, the Grand Victoria is  
21 currently functioning with all decks open and  
22 without restriction from staff or the  
23 commission. I think they are currently  
24 running without their latest -- one of their  
25 latest weekend cruises, to allow time for

1 their count crews to perform their jobs.

2 The staff held a meeting with the  
3 general managers in October. All the general  
4 managers from each of the properties,  
5 including those that are not up yet,  
6 attended. We primarily discussed items of  
7 interest to all the boats and concerns of the  
8 commission.

9 Ken Miller of the Department of  
10 Revenue was there to explain the Department  
11 of Revenue's activities regarding the boats,  
12 and a second meeting is planned for January.

13 There has been a lawsuit filed in  
14 Harrison County that challenges the Gaming  
15 Act itself. Kay Fleming has the details on  
16 the lawsuit.

17 MS. FLEMING: Thank you. Three  
18 individuals, Walter Shultz, Jack Phillips,  
19 Earl Backer, who are all residents of either  
20 Floyd or Harrison County, sued the State of  
21 Indiana, the 108th General Assembly and the  
22 Indiana Gaming Commission. And the members  
23 of the Indiana Gaming Commission.

24 They allege two counts within their  
25 complaint. In Count I, they state that

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IC-433 violates Article 1, Section 23 of the Indiana Constitution, by creating unequal privileges, due to the fact that opponents to the Riverboat Gaming Act must win several elections. Whereas, if you are for riverboat gambling and the referendum does pass in your county you only have to vote on one occasion.

Their second count alleges that IC-433 violates Article 4, Section 19 of the Indiana Constitution. That section of the constitution states that all provisions of an act that are passed must be confined to one subject matter.

Their contention is that since the Riverboat Gaming Act was passed with the biennial budget that it violates Article 4, Section 19.

The plaintiffs are seeking a declaratory judgment that the act is unconstitutional. The Attorney General office will be representing the commission. They have not yet filed their response, but will be doing so in the near future.

MR. HANNON: In regard to the Blue Chip bond issue there have been some changes

1 and they have reconsidered the temporary  
2 boat. Cindy Dean has been following that  
3 issue and will report on that.

4 MS. DEAN: On October 11th, Blue Chip  
5 appeared before the Indiana Gaming Commission  
6 and requested approval of senior secured  
7 notes, due 2003. The commission by  
8 Resolution 1996-53 authorized Blue Chip to  
9 issue not less than 95 million, nor more than  
10 105 million in senior secured notes, with a  
11 12.5 percent coupon interest rate and  
12 contingent interest of five percent, based  
13 upon the financial market conditions at that  
14 time.

15 On November 6th, Blue Chip advised  
16 the commission that due to changes in the  
17 financial market the most favorable  
18 commitments for that offering are for 86  
19 million, as opposed to the 95 or 105 million;  
20 and coupon interest rate be 13.75 percent,  
21 with a contingent rate of eight percent,  
22 instead of 12.5 percent coupon with a  
23 contingent interest rate of five percent.

24 While the effective interest rate for  
25 the 86 million dollar debt offering would be



1 higher than originally assumed, the annual  
2 debt surface would be lower because of a  
3 reduction in the amount of the debt. The  
4 debt offering was priced fluctually and a  
5 closing will be held Thursday, November 14th.

6 Additional changes included in the  
7 debt offering were that Blue Chip would not  
8 pursue a temporary facility, but would open  
9 the permanent facility by October 15th, 1997.  
10 And that Blue Chip will maintain a 20 million  
11 dollar equity contribution, without including  
12 the Silver Eagle, for an amount of 12  
13 million, which improves the debt to equity  
14 ratio.

15 In all other material aspects the new  
16 debt offering is the same as described to the  
17 commission on October 11th.

18 MR. HANNON: The next item is the  
19 interim study committee. Staff has spent a  
20 lot of time preparing documentation, and Jack  
21 has appeared before the committee on two or  
22 three occasions.

23 During the last meeting they did issue  
24 some areas for discussion that they have  
25 identified, and Cindy has details on that.

1 MS. DEAN: Thank you.

2 MR. CHAIRMAN: Cindy, I'm not too sure  
3 your mike is on.

4 MS. DEAN: Is that better?

5 MR. CHAIRMAN: Is it on?

6 MS. DEAN: I think so.

7 MR. CHAIRMAN: Go ahead.

8 MS. DEAN: The points of discussion  
9 that were brought up by Representative Robert  
10 Alderman were first to remove the residency  
11 and occupational requirements of the members  
12 of the Indiana Gaming Commission, to make the  
13 executive director the chair and voting  
14 member of the commission, to decrease the  
15 membership of the commission from seven to  
16 five, and to extend and replace the terms of  
17 the commission to require the commission to  
18 serve at the will of the governor.

19 The fifth point was to identify all  
20 individuals with more than .5 percent  
21 ownership in a river boat. The point was  
22 supported by Senator Borst, and Senator Borst  
23 would support legislation to either further  
24 identify individuals holding any percentage  
25 of ownership in a river boat.

1           Six, identify and register all  
2 consultants and lobbyists involved in the  
3 river boat gaming industry and the teams.

4           Seven, to expand the contributions ban  
5 to include family members of river boat  
6 owners.

7           Eight, to establish a five-year  
8 moratorium of ownership in river boat gaming  
9 for any appointed or elected official.

10          Nine, to eliminate the 110 percent  
11 river boat ownership licensee rules. Ten, to  
12 request a state university to conduct a study  
13 on the loss and effects of gaming on a  
14 community where river boating has been  
15 licensed.

16          Eleven, study unification of all  
17 commerce gained under one commission.  
18 Twelve, to repeal the last two river boat  
19 licenses.

20          Again, it was moved by Senator McCarty  
21 that these be points of discussion and not  
22 proposed legislation. Representative Lutz  
23 provided the committee with proposed  
24 legislation that the river boat initial tax  
25 revenues that goes to the horse racing

1 commission be limited to \$1,000,000 and  
2 divided after that. This proposal was  
3 considered premature by Representative Festo,  
4 and it is to be reconsidered at a later time.  
5 The committee does not support these proposed  
6 legislations.

7 And Representative Brown proposed  
8 retroactive legislation requiring local  
9 ownership in all river boat licenses. This  
10 was also taken up as a discussion point by  
11 Senator McCarty's move, and it was consented  
12 to by the rest of the committee, and the  
13 meeting was adjourned.

14 MR. HANNON: The next item that we  
15 have is, the staff is working on three  
16 separate disciplinary matters.

17 One is with the Empress in looking  
18 into an incident that occurred in the  
19 surveillance room.

20 Another one is with Aztar. They are  
21 being looked at concerning the initial count  
22 of their tokens.

23 The final one is with Empress  
24 concerning underaged employees on their  
25 catering service. That final one will be

1 part of the agenda later today.

2 Additionally Aztar has opened a  
3 pavilion on October 15th, which is reported  
4 to be in very nice shape, looks good, and  
5 they plan to open the hotel by mid December.

6 And finally I want to introduce Deanna  
7 Garner. Deanna is our newest staff attorney.  
8 She comes to us from the Marion County  
9 Prosecutor's Office, and she will be working  
10 for Kay. Which may be a fate worst than she  
11 knows. We have come to find out that all  
12 three of our staff attorneys are from the  
13 same class, which we are looking into as a  
14 disciplinary matter.

15 And that concludes the report. Is  
16 there any questions?

17 MR. CHAIRMAN: Any questions of  
18 Mr. Hannon?

19 I would like to welcome you to the  
20 staff and hope you enjoy your relationship  
21 with the people here.

22 The only thing I had was -- first, I  
23 had a chance review the lawsuit, which is  
24 filed down in Harrison county -- was it filed  
25 in Harrison or Floyd? I think it was Floyd,

1 filed in Harrison.

2 And without commenting whether it is  
3 a -- whether the points taken in the  
4 pleadings themselves are well taken, and I  
5 think they probably are not in my modest  
6 opinion, but I will say this. It's well  
7 pled. I'm glad that sometimes -- every once  
8 in a while you see things that indicate that  
9 lawyers still know how to write. And this  
10 lawsuit is well written. It at least says  
11 what it intends to say. So I want to  
12 compliment the author.

13 The other thing I wanted to check  
14 on -- Cindy, I wasn't too sure I understood  
15 what you were saying about where we are with  
16 the interim study committee. Are there going  
17 to be any recommendations for legislation, or  
18 were these all discussion points that they  
19 finally settled on?

20 MS. DEAN: They are all discussion  
21 points. There is proposed legislation by  
22 Senator Lutz, but it was not recommended by  
23 the committee. It is on his sole action.

24 MR. CHAIRMAN: And what was that,  
25 which aspect of the --

1 MS. DEAN: Concerning the tax and the  
2 percentage that goes to the horse racing  
3 commission.

4 MR. CHAIRMAN: Okay.

5 MS. DEAN: To limit that to  
6 \$1,000,000.

7 MR. CHAIRMAN: Okay. Well, anyone  
8 else have any questions or comments? Thank  
9 you Mr. Hannon, thank all of you.

10 The next item we move into is new  
11 business. And the first item in that  
12 category is the request for the continuation  
13 for the certificate for suitability for RDI  
14 Caesars Riverboat Casino, LLC. And we will  
15 hear now from the representatives of the  
16 licensee.

17 MR. BROLICK: Mr. Chairman, where  
18 would you like these boards? What we really  
19 want to do is refer to this large board  
20 today, just very quick references.

21 MR. CHAIRMAN: I think right there is  
22 okay. I don't know if the people in the  
23 audience can see it or not, but the  
24 commission can.

25 And you will identify yourself as you

1 speak for the court reporter so the record  
2 will be clear.

3 MR. BROLICK: My name is Tony Brolick.  
4 I'm the CEO of the Caesar's Harrison County  
5 project.

6 First I want to start off by wishing  
7 everyone a good morning. This morning I  
8 would like to just take ten minutes to go  
9 over what we have done to date.

10 First off, I would like to start by  
11 saying a little something about myself. As I  
12 mentioned, my name is Tony Brolick. I was  
13 born and raised in Michigan, and a Purdue  
14 graduate. I've worked with Caesars World for  
15 the last 15 years. I was the chief financial  
16 officer of Caesar's Palace, and the chief  
17 financial officer of Caesars World.

18 In terms of where we are. Eight  
19 months ago we came in and we outlined the  
20 project where we had a boat 450 feet long.  
21 100 feet wide, 500 hotel rooms, a shore-side  
22 pavilion featuring entertainment, restaurants  
23 and shops. We also looked at an 18-hole golf  
24 course. All of this was going to be in the  
25 unique Caesar's theme.



1                   We had committed 128 million dollars  
2                   to the project. None of this was going to be  
3                   done through outside financing. All the  
4                   financing was going to be internal.

5                   In terms of Harrison County  
6                   development, we signed that May 15th. Since  
7                   then we did \$100,000 to defray the costs of  
8                   legal financing. \$1,000,750 deposit.  
9                   \$500,000,000 -- excuse me, \$5,000,000 to the  
10                  Harrison County Community Foundation.  
11                  \$10,000,000 to the 480 irrevocable letter of  
12                  credit.

13                  We have recently -- the Harrison  
14                  County Sheriff's Department, we signed an  
15                  agreement with them. We have given them  
16                  eight new officers, eight patrol cars, one  
17                  administrative assistant, all the equipment  
18                  for these individuals, as well as a radio  
19                  computer.

20                  We are currently negotiating with  
21                  Harrison County, as well as with New Albany  
22                  in terms of fire and EMS.

23                  In terms of INDOT, we have done the  
24                  first phase of our Route 111 completion.  
25                  This is an eight-mile stretch of highway. We

1           paid them 3.2 million. We have got about  
2           another \$400,000 for the project. We think  
3           completion date is approximately Thanksgiving  
4           for the first phase. The second phase of the  
5           project, and this is INDOT's timing, we think  
6           the second phase will probably begin the  
7           first part of next year.

8                     In terms of local offices, we opened  
9           an office in Corydon in October. We are  
10          currently looking at two training centers,  
11          one in the Corydon area and in the New Albany  
12          area. We are looking at these two training  
13          centers just for when you look at where our  
14          staff is going to be coming from, we think we  
15          are going to require the two training  
16          centers.

17                    In terms of hiring, we have hired a  
18          director of community affairs, a vice  
19          president of human resources. We believe we  
20          have a chief financial officer. We are also  
21          advertising for the VP of casino operations,  
22          the VP of marketing, as well as the director  
23          of security and director of surveillance.

24                    In terms of minority hiring, we have  
25          met with the the NAACP Chapter of

1 Jeffersonville and Clark County. We have  
2 joined that chapter. We have had about three  
3 meetings with them to date. They have formed  
4 a coalition down there, the Southern Indiana  
5 African-American coalition. We have had a  
6 meeting with them in terms of hiring, as well  
7 as from a purchasing point of view, working  
8 with them. So we have started very early in  
9 that regard.

10 In terms of the construction of the  
11 vessel. We had signed a contract with  
12 Service Marine for construction of the  
13 vessel. It's a 15-month construction time  
14 frame. The cost is 45 billion dollars plus.  
15 It will have approximately 3,000 slots, 150  
16 tables. This is the same number we laid out  
17 in our original proposal.

18 We are increasing the size of the  
19 facility in our presentation. We basically  
20 looked at three and a half decks, we are now  
21 looking to complete the fourth deck. What  
22 that does for us, that increases or capacity  
23 from 4400 to 5400, so about 23 percent  
24 increase in capacity.

25 In keeping the size of the vessel, or

1 the gaming equipment of the vessel the same,  
2 what our real intent there is really to have  
3 a better overall atmosphere in the vessel.

4 We have met with the Harrison County  
5 Planning or Zoning Commission. They have  
6 developed the plan in unit development. That  
7 has passed. We are now in the process of  
8 basically meeting with them in terms of a  
9 site review. We feel there is no other  
10 zoning changes required at this time.

11 The gondolas. The gondolas were  
12 basically included in our original  
13 application. We withdrew the gondolas from  
14 our application. The reason we withdrew the  
15 gondolas from our application -- and this is  
16 done -- in the case at the time of our  
17 original meeting, that we did not have all  
18 the approval from the surrounding landowners.

19 We did have the option of the land for  
20 the parking and where those gondola would be  
21 located, but we did not have any actual  
22 structure approval of all the surrounding  
23 landowners. At this time we are still  
24 negotiating with those individuals.

25 We still desire the gondolas. We feel

1 the gondolas are a very good marketing tool,  
2 so we are going to still attempt to get the  
3 gondolas at one point. At this point in time  
4 we have pulled them from our application.

5 The site plan, what I would like to do  
6 is first refer to this pie chart here. In  
7 terms of our overall project, this is the  
8 chart that we had at the original meeting.  
9 And this shows that our team is still Paul  
10 Stillman the architect. Thompson  
11 Engineering, Presnel Associates, as well as  
12 Guy-Damars here locally.

13 We have had to change our overall site  
14 plan. If you remember from our presentation  
15 our project literally ran horizontal to the  
16 roadway. Due to -- what we were required to  
17 do was to build the hotel out of the  
18 floodway. So the line Dave is pointing to is  
19 literally the flood line. The hotel will sit  
20 immediately behind that. In doing that what  
21 we also did was move the parking depth over  
22 to this location. What this will basically  
23 do is in essence pivoting the facility. It  
24 was done to put the hotel behind the floodway  
25 line.

1           In terms of the Corps, we have been  
2 meeting with the Corps. The Corps is looking  
3 at property really in three segments. Those  
4 three segments will be the river, the low  
5 lands area, which encompasses all of the  
6 structure -- shore side structures, as well  
7 as the uplands area.

8           In terms of the river. Dave, do you  
9 have that one sheet. As mentioned in our  
10 original proposal there is a mussel bed in  
11 front of our site. The mussel bed runs --  
12 literally stops at Mounds Creek and runs four  
13 and a half miles to the north of our site.  
14 The Corps would like us to cruise -- would  
15 like us not to cruise over the mussel bed.

16           Our current route took us a mile north  
17 then and a mile back down. The red line on  
18 that mussel bed literally shows where our  
19 cruise route was. So the Corps at this point  
20 in time is requesting us not to cruise up  
21 river but in essence to cruise down river.  
22 What that would be, we will cruise a third of  
23 a mile down river versus a mile up river.

24           In terms of the lowlands area, the  
25 Corps -- right in this area here, the Corps

1 has really not identified any significant  
2 concerns in the lowlands area. So where we  
3 stand today with our site plan detail, we  
4 have no problem with it. In term of the  
5 upland area, the Corps has presented some  
6 concerns to us. At this point in time we  
7 have not really identified an alternative to  
8 the way we have the golf course laid out.

9 With that -- all this in mind, our  
10 schedule at this point in time is that we  
11 hope to have a temporary boat in the water  
12 the 1st of July. With our 15-month contract  
13 for our permanent boat, we are looking at in  
14 the February time frame to have the permanent  
15 boat out.

16 The construction of the hotel is about  
17 a ten-month construction, and that would  
18 be -- we would have the shore-side facility  
19 in place prior to the hotel. And we would  
20 have to see what would be -- when we will be  
21 available, from the Corps' point of view, to  
22 start the construction of the hotel itself.

23 At this point in time, if you have any  
24 questions I would be more than glad to answer  
25 them.

1 MR. SUNDWICK: We need to see where  
2 your temporary facility will be. And also  
3 how the passengers are going to get on and  
4 off.

5 MR. BROLICK: What we are planning on  
6 doing with the temporary facility is that the  
7 Corps -- what we in essence have to do, we  
8 have to build a Marine facility. The Marine  
9 facility would be in this area right in here  
10 (indicating). This would have to be the  
11 permanent facility (indicating).

12 Our first construction would basically  
13 be the Marine facility bridge work over to  
14 this side. What we are looking at doing is  
15 taking the surface lots and -- this is our  
16 idea at this point in time. Basically  
17 putting a single level parking structure  
18 overhead, that would give sufficient parking.  
19 That lot is about 900 spaces, that would give  
20 us sufficient space for parking.

21 What we would then do is use a portion  
22 of the lower level for our temporary  
23 structure in terms of where the individual  
24 comes in, the customer, as well as build a  
25 temporary walkway along here and connected to



1 the bridge work. In essence then,  
2 individuals will park here, will go to our  
3 temporary structure on the first floor, come  
4 off our first floor on the bridge work to our  
5 temporary boat.

6 MR. CHAIRMAN: So these pictures we  
7 see of the parking, that's the lower level  
8 structure.

9 MR. BROLICK: That structure right  
10 here is the lower level structure.

11 MR. CHAIRMAN: No, this one.

12 MR. BROLICK: This one right now in  
13 this plan, is the single level. We are  
14 looking at putting in a second level. This  
15 is the valet parking. The picture you have  
16 here, this would be the lower level of this  
17 structure right here.

18 MR. CHAIRMAN: This exhibit isn't what  
19 you are doing any more, right?

20 MR. BROLICK: Yes, it is.

21 MR. CHAIRMAN: It is?

22 MR. BROLICK: All this represents --

23 MR. CHAIRMAN: It's out of the  
24 floodplain and so forth?

25 MR. BROLICK: Yes, it's out of the

1 floodplain, the hotel here. This lower --  
2 this represents the lower level of the  
3 structure.

4 MR. CHAIRMAN: That's the lower level  
5 and everything else is built on top of it?

6 MR. BROLICK: Because the bridge work  
7 is 16 feet above.

8 MR. CHAIRMAN: So this temporary  
9 facility you got in this other picture, you  
10 take that one down and all that is just going  
11 to be on top of that?

12 MR. BROLICK: Correct. This is in  
13 essence on top of what you see here. Your  
14 valet parking is all underneath this  
15 facility. This is going to be the surface  
16 parking where we constructed --

17 MR. SUNDWICK: This is the parking lot  
18 and the hotel is in the back?

19 MR. BROLICK: Correct.

20 MR. SUNDWICK: Where was the hotel  
21 before?

22 MR. BROLICK: The hotel before was  
23 right here.

24 MR. SUNDWICK: And that's in the  
25 floodplain.

1 MR. BROLICK: That's in the  
2 floodplain.

3 MR. SUNDWICK: Well, one of the  
4 discussions made when we had this hearing was  
5 the other applicants had problems with the  
6 floodplain. When did that occur to you that  
7 that was a problem? You moved the hotel.

8 MR. BROLICK: This is an envisionary  
9 calculated model.

10 MR. SUNDWICK: You didn't have that in  
11 May?

12 MR. BROLICK: It came on us after the  
13 application was made. The DNR put  
14 construction in the floodplain which we  
15 weren't allowed to do until after we were  
16 selected.

17 MR. SUNDWICK: And the mussel bed, I  
18 remember asking at the time if it went over  
19 the mussel bed.

20 MR. BROLICK: Well, the mussel bed --  
21 this mussel bed that runs four and a half  
22 miles, there are no endangered species in  
23 this mussel bed at all. And this -- you  
24 know, we had done a study prior to our  
25 original proposal.

1 MR. MCCOWAN: I can tell you more  
2 about that mussel bed, probably more than you  
3 want to know.

4 MS. MARADEN: Excuse me, gentlemen,  
5 the court reporter is having a difficult time  
6 understanding you.

7 MR. SPEAKER: You have to identify  
8 yourself.

9 MR. MCCOWAN: My name is David  
10 McCowan, with the construction management. I  
11 will tell you a little bit more about the  
12 mussels than you probably want to know.

13 There was a study done in 1990, which  
14 we were aware of and which we brought up in  
15 our original application. And we did a study  
16 prior to when the certificate was awarded.  
17 Then we done one more study since.

18 What this study has shown is that  
19 there are no rare or endangered species and  
20 furthermore we have identified the whole  
21 limit of the mussel bed. And what is  
22 interesting to note is that the mussel bed  
23 almost exclusively occurred in Kentucky.  
24 There is actually less than one percent that  
25 occurred in Indiana waters. The portion that

1 we will cruise over is actually less than one  
2 quarter of one percent with the northern  
3 cruise route.

4 Now the issue that Jeff is showing  
5 there is the only area which we would touch  
6 the mussel bed or cruise over it at all.

7 The significant issue that started to  
8 come out the more we got into this with the  
9 biologists is that while there's no rare or  
10 endangered species, these are common mussels.  
11 In fact mussels that are allowed to be  
12 harvested in the State of Kentucky.

13 They were considered to be a  
14 significant resource by most of the  
15 environmental groups. And so our choice was  
16 actually to do a much more detailed study and  
17 convince all of the environmental groups that  
18 there would be no harm whatsoever for us  
19 cruising next to the mussel bed, not over the  
20 mussel bed, not over the mussel bed. That's  
21 the real issue.

22 We won't cruise over the mussel bed  
23 except a very, very small portion.

24 MS. BOCHNOWSKI: And you have changed  
25 your cruise route?

1 MR. MCCOWAN: And it's really an  
2 issue -- our suggestion is to change the  
3 cruise route because of the issue, to  
4 expedite the permit.

5 MR. SUNDWICK: Let me ask you a  
6 question, because it seems to me what we are  
7 saying you made a presentation to us, we can  
8 go down a mile. And everybody was very happy  
9 that you could go a mile. And we were  
10 ecstatic that instead of being -- you know,  
11 five blocks here. You were going to beat  
12 that.

13 Now you are saying that because of  
14 this mussel bed that everybody in the world  
15 goes over, there are boats going over it  
16 every day, there are all the boats in the  
17 world going over it every day. They say they  
18 would like you not to do that?

19 MR. MCCOWAN: Maybe I can explain a  
20 little bit further. The choice is, we could  
21 go ahead and do our studies. And for  
22 instance we say -- it's very logical it seems  
23 to us is what are the real issues. And they  
24 said well it's your lowest water point, we've  
25 got about two feet of draft under the boat.

1 And we said okay, well, maybe that's an issue  
2 that we have two feet of draft.

3 We have done studies and that issue  
4 has occurred in ten years. Isn't it  
5 illogical if we had 20 feet of water under  
6 our till, that we would not harm the mussel.  
7 And they said yes that's illogical. I said  
8 well, the negotiation is somewhere in  
9 between.

10 What we found is that there is no  
11 scientific studies that have been done which  
12 says that if you have two feet, three feet,  
13 five feet, ten feet of water under your  
14 vessel that that's harmful long term, that  
15 that's harmful to a mussel bed.

16 The studies, interesting enough, the  
17 only ones that have been done have been done  
18 by the Corps of Engineers, which are the same  
19 Corps of Engineers that we had do our mussel  
20 study.

21 So our choices, we could fight through  
22 this issue which will take a long time and  
23 the outcome will be we don't know, because  
24 it's a subjective. In the end all the  
25 biologists say it's a subjective decision as

1 to when we might harm the mussel bed.

2 MS. BOCHNOWSKI: What I'm wondering  
3 here is -- and Bob and I have different  
4 opinions on this I'm sure, but -- I don't  
5 want to harm the mussel beds either, but --

6 MR. SUNDWICK: For the record, neither  
7 do I.

8 MS. BOCHNOWSKI: I'm sorry, Bob, I  
9 didn't mean it that way. But anyway --

10 MR. CHAIRMAN: It's the mussel lovers  
11 association.

12 MS. BOCHNOWSKI: What I'm wondering  
13 is, if its the alternate route, depending on  
14 the condition of the river.

15 MR. MCCOWAN: Yes, and that's exactly  
16 what we proposed. And the answer that came  
17 back from the Corps is, look if you want to  
18 expedite this application what we suggest you  
19 do is, you go ahead with your opportunity for  
20 the alternate cruise route to the south,  
21 because even if there's high water  
22 conditions, which maybe 75 percent of the  
23 time that we could cruise to the north. We  
24 are going to have to do the same study and it  
25 may in fact trigger an environmental impact



1 study. And time is our concern.

2 MS. BOCHNOWSKI: I understand that.  
3 Can you put this alternate route in with the  
4 understanding that you would be pursuing the  
5 north or the up river route.

6 MR. BROLICK: Yes.

7 MR. SPEAKER: You want to identify  
8 yourself again.

9 MR. BROLICK: My name is Tony Brolick.  
10 And in essence, what you are saying is can we  
11 cruise in a northerly direction, or up river,  
12 in high water and then in a low water  
13 scenario can we cruise down river away from  
14 the mussel bed?

15 MS. BOCHNOWSKI: And further I think,  
16 for the purpose of getting this thing going,  
17 that you do submit the down river plan, but  
18 that you pursue the up river plan as well at  
19 a later date, after you get going. I mean,  
20 you put in a application to go up river.

21 MR. BROLICK: Correct.

22 MR. SUNDWICK: And I agree with you,  
23 Ann. And I think that -- I don't want to  
24 make kind of a maybe you will. I want your  
25 assurance that we made a deal and all of a

1 sudden we got, well, maybe we can, maybe we  
2 can't -- you know, if there's any propensity  
3 we've got to do that. They will just say  
4 well -- you know, we couldn't do it. We  
5 don't want that to happen. I certainly don't  
6 want that to happen.

7 A third of a mile up that -- south of  
8 that river really is not very exciting.

9 MR. BROLICK: We can proceed with the  
10 application in essence for up river. What  
11 our whole intent was in meeting with the  
12 Corps, the Corps desires in essence for us to  
13 cruise only down river. And they did not --  
14 in essence they did not want to waste their  
15 time, from their point of view, in doing this  
16 additional work for us cruising up river.

17 MS. BOCHNOWSKI: What will it take  
18 then -- I mean will they be willing to invest  
19 in the time later on?

20 MR. BROLICK: What we will do, we will  
21 have to go through -- the problem we have, as  
22 Dave mentioned before, we do these studies,  
23 the studies are not going to be conclusive,  
24 so there isn't going to be a black and white  
25 type of answer that the study is going to

1 show.

2 So once we get through with the study  
3 there is still no guarantee that the Corps is  
4 going to come back and say we can cruise up  
5 river.

6 MS. BOCHNOWSKI: As Bob pointed out,  
7 there are boats going up river now. How did  
8 they get clearance to do that?

9 MR. SUNDWICK: They don't ask.

10 MR. BROLICK: And as we pointed out  
11 also, the fact that with the cruise length  
12 that our boat is basically going to be going  
13 very slow and not really disturbing the water  
14 nearly to the extent of a coal barge. The  
15 Corps, their concern is not the effect of a  
16 single cruise but what is the long term  
17 effect over a series of years of cruises  
18 taking place.

19 MR. SUNDWICK: Are there a bunch of  
20 scientific people involved in this, or just a  
21 bunch of engineers in the Corps. They don't  
22 know either do they?

23 MR. BROLICK: I think --

24 MR. SUNDWICK: There's going to be  
25 some Marine biologist some place that is

1 smart enough to tell you the answer to this  
2 thing than a bunch of guys down there saying  
3 geez we don't think so.

4 MR. BROLICK: In terms of -- that's  
5 hard to answer because in talking to our  
6 experts when we talk with Thomson Engineering  
7 and the individuals that they have hired, as  
8 I said we are not sure whether or not we are  
9 going to come up with a conclusive answer  
10 that we can sit down with the Corps and say  
11 see, we told you.

12 MR. CHAIRMAN: Okay. To bring this to  
13 a head, tell the commission what you are  
14 going to go do, period.

15 MR. BROLICK: What we would like to do  
16 at this point in time is cruise south. And  
17 if the commission desires us to, what we can  
18 do we can pursue the northerly cruise route  
19 with the Corps as well.

20 MR. CHAIRMAN: You are not now trying  
21 to get a permit to cruise the one mile up and  
22 the one mile down you originally represented?

23 MR. BROLICK: Originally, what we  
24 represented was we were not cruising down  
25 river. We were cruising up river. That's

1 the current application.

2 MR. CHAIRMAN: And it seems to be that  
3 this commission is interested in your  
4 continuing to process the alternate route,  
5 but at the same time to file for the full  
6 cruise program that was originally in your  
7 application to us.

8 MR. BROLICK: In essence, that would  
9 mean that we would then file a change with  
10 our application to the Corps for us not only  
11 cruising north but as well as cruising south.  
12 And that we would stipulate that we would  
13 cruise north during high water and cruise  
14 south during low water.

15 MS. BOCHNOWSKI: And that shouldn't  
16 jeopardize -- if you have a approval for the  
17 southern route I wouldn't think that they  
18 would ask you for an additional cruising  
19 route. That shouldn't jeopardize your permit  
20 at all.

21 MR. BROLICK: It may not jeopardize  
22 the permit. What comes into play is the  
23 timing of the permit.

24 MS. BOCHNOWSKI: Yes, but we are  
25 saying go ahead, get your permit for this.

1 MR. BROLICK: In essence what -- let  
2 me make sure I understand. What you are  
3 saying is that we refile the change in our  
4 application with the Corps to cruise only  
5 down river at this point in time, with the  
6 understanding that once we have that permit  
7 we then come back to the Corps and file a new  
8 application to cruise up river?

9 MR. SUNDWICK: Yes, because we are  
10 like you, we don't want to hold things up.  
11 We don't want to get in muddy water. Just  
12 get what you have to do to get it done and  
13 then we will expect you to go back and make  
14 different arrangements so you can go both  
15 ways.

16 MR. BROLICK: So what we would do at  
17 this point in time is file the change in our  
18 application with the Corps, change our route  
19 from the northerly direction to the southerly  
20 direction, which would be about approximately  
21 a third of a mile, and then at a later point  
22 in time we would come back and file a new  
23 application with the Corps for the northerly  
24 route.

25 MS. BOCHNOWSKI: With this bigger

1 boat, about how long do you think it will  
2 take to cruise down river.

3 MR. BROLICK: The boat itself is,  
4 again, 453 feet long and even with going up  
5 river which is a mile you are basically --  
6 from the power point of view, you go in and  
7 out of power to take up the time of the  
8 cruise.

9 MR. CHAIRMAN: Let the record show  
10 that Mr. Thar has joined us. We welcome you,  
11 Jack, fresh from your victory at the budget  
12 meeting I presume?

13 MR. THAR: We will see if we get the  
14 money.

15 MR. CHAIRMAN: Mr. Thar, I think has  
16 some more concerning cruising on the river at  
17 their site.

18 MR. THAR: I don't know where the  
19 discussion was before I came in, but  
20 obviously it's concentrated on the mussel  
21 bed. There's about three items -- I don't  
22 know if I'm adding anything, but I'm going to  
23 tell you anyway.

24 The first one was that there was a  
25 study in fact done before the presentation

1 which identified that that mussel bed  
2 contained no endangered species. And, as you  
3 recall, there should not be any problem  
4 cruising in the way that was described in the  
5 application. That is to go north  
6 approximately a mile and come back.

7 Subsequent with the filing of the  
8 Corps of Engineer permit, the second item  
9 occurred. And that is the Corps of Engineer  
10 becomes the lead agency for other agencies,  
11 which includes the Indiana Department of  
12 Natural Resources and Indiana Department of  
13 Environmental Management, both of which  
14 agencies have taken an extremely protective  
15 view of the mussel bed, notwithstanding the  
16 fact that they recognize that there is no  
17 endangered species in the mussel bed and that  
18 there's a lot of traffic that goes over it.

19 And, as a consequence, the third item  
20 that has happened is that the Corps of  
21 Engineers has advised to the extent that they  
22 are definitive about anything that to process  
23 the permit application with the northerly  
24 cruise route only, may take years because of  
25 the amount of studies they may have to do.



1                   So as a result it was the Corps that  
2 proposed go south if you want to get the  
3 permit. This is about how they put it. Cut  
4 through it. So this has been the position  
5 taken by the Corps after input from the  
6 Department of Natural Resources and the  
7 Indiana Department of Environmental  
8 Management, who through some legs of their  
9 agencies have taken a very strong view over  
10 this mussel bed. Which, in view of the study  
11 that was done before the presentation, didn't  
12 really make a lot of sense, because it had  
13 already been cleared.

14                   So as to the extent -- as I understand  
15 the way you are framing the issue now, it was  
16 represented you could cruise north. The  
17 speedy processing of the application can only  
18 be done if this commission allows them to  
19 cruise south, with the north being an  
20 alternate cruise route to be added later?

21                   MS. BOCHNOWSKI: We are not trying to  
22 add -- we are requiring them to add the  
23 northerly route.

24                   MR. THAR: If the commission was to  
25 say you could only go north, it may -- we may

1 have another national election before --

2 MS. BOCHNOWSKI: I don't think we are  
3 being that unreasonable.

4 MR. CHAIRMAN: We are just partially.

5 MR. SUNDWICK: I don't think we are  
6 the unreasonable ones. I can tell you that.

7 MR. THAR: The other option with the  
8 problem that exists is that when you are  
9 dealing with the Corps you have to deal  
10 openly and completely.

11 If they tell the Corps that we are  
12 going to make our primary route or only route  
13 south, then we are either going to have a  
14 secondary route or in the future we are going  
15 to go back and ask you about north. The  
16 Corps will process north at the same time.  
17 They won't let you fragment if they believe  
18 it ties into the overall project.

19 MS. BOCHNOWSKI: Is that right, even  
20 though if it couldn't come about they would  
21 do the southern route?

22 MR. THAR: Let's assume for the moment  
23 that as part of their project they want to  
24 build a golf course, but they told the Corps  
25 we are not going to build the golf course

1           until the year four of our five-year permit.  
2           The Corps will still process the golf course  
3           aspect even though they are not going to be  
4           be built until then.

5                        So if you tell them for the first  
6           three years we are going to cruise south then  
7           we are going to come back and look at the  
8           north route as a whole project. That's how I  
9           understand it anyway. And that's how they  
10          explained it.

11                      MR. CHAIRMAN: So if you just tell  
12          them you are going to go south and then  
13          change your mind next year, you can go back  
14          to them and say we would like to do this. I  
15          mean we get in these Catch 22's. I mean you  
16          talk about unreasonable government we are --

17                      MR. THAR: We are in a Catch 22. And  
18          the real Catch 22 is this, when the Corps  
19          suggested to them that they cruise south,  
20          they are almost saying if you don't you don't  
21          get a permit.

22                      MR. BROLICK: So how do you deal with  
23          it honestly. I think the only honest way to  
24          handle it is our primary cruise route based  
25          upon if the commission decides to do this is

1 to go south, but we do want to continue to  
2 explore north without it slowing down the  
3 process.

4 MR. CHAIRMAN: Well, I guess that is  
5 exactly what we would like to have happen.

6 MR. SUNDWICK: Well, one thing that  
7 could be done is the applicant could come  
8 back to this commission and tell us what your  
9 studies have shown, even though you said they  
10 are probably going to be inconclusive.  
11 Couldn't you make studies that you would make  
12 if you were planning to go north.

13 MR. BROLICK: We could do the studies  
14 and then come back to the commission and  
15 actually show the commission what we found.  
16 We have no problem with that.

17 MR. SUNDWICK: I think the best way to  
18 handle it would be to have them reporting to  
19 this commission whether or not they should go  
20 north, to prove that there is the ability to  
21 do so, then take it back to the Corps.

22 MR. CHAIRMAN: Yeah, I think that  
23 would be the place --

24 MS. BOCHNOWSKI: You are not really  
25 being not open because you don't know if it's

1 a possibility.

2 MR. BROLICK: Correct. We have not  
3 done any studies as to what the permanent  
4 impact cruising over the mussel bed would  
5 have on the mussels.

6 I would like to point out though, as  
7 you see it barely touches upon the mussel bed  
8 on the cruise route itself.

9 MS. BOCHNOWSKI: Jack, what is your  
10 feeling about the changes in the design and  
11 with the floodway -- you know, initially we  
12 were told that this wasn't going to be a  
13 problem, when we originally signed the  
14 original design there wasn't going to be a  
15 problem.

16 MR. THAR: My feeling generally is  
17 that the amenities would remain the same  
18 dollar investment and the project remains the  
19 same and it simply requires a relocation of  
20 the same piece of property that it really  
21 doesn't matter.

22 MR. SUNDWICK: What is the situation  
23 with the gondolas?

24 MR. BROLICK: The gondolas is not  
25 related to the Indiana side, it's related to

1 the Kentucky side. We had an option on the  
2 land where the parking deck would basically  
3 be constructed. We needed to get the right  
4 of ways. We are still negotiating but at  
5 this point in time we have not been able to  
6 secure the right of way.

7 And having not been able to secure the  
8 right of way, if we would have kept the  
9 gondolas in there. In essence -- you know,  
10 it would have delayed our proceeding with the  
11 Corps. So at this point in time we decided  
12 to pull the gondolas.

13 MR. SUNDWICK: At the hearing I think  
14 everybody kind of thought -- took the  
15 gondolas with a grain of salt. It was like  
16 \$8,000,000 it was going to cost.

17 MR. BROLICK: In accounting if we do  
18 not construct the gondolas what we would do  
19 is we would add 100 rooms to bring this up  
20 from 500 to 600, as well as an additional 400  
21 parking spaces.

22 MR. SUNDWICK: When will that decision  
23 be made, whether you will do that?

24 MR. BROLICK: What we are doing, we  
25 has some preliminary discussions with the

1 county in terms of we were willing to go  
2 along with that but what we feel is that we  
3 can take those monies and add them to other  
4 amenities of the site.

5 At this point in time -- because we  
6 feel we do not need an additional 100 at this  
7 point in time, so what we would like to do is  
8 take the monies, the \$8,000,000 plus dollars  
9 and really add it elsewhere to the site. We  
10 had committed 228 billion in terms of the  
11 site. Our problem at this time is not  
12 spending 228 billion. It's basically  
13 bringing the budget in line.

14 We are building a resort that is in  
15 excess of what we had originally proposed.

16 MR. CHAIRMAN: Just to summarize it.  
17 Have you abandoned the gondolas and taken the  
18 \$8,000,000 and invested it in other places?

19 MR. BROLICK: We have not -- when you  
20 say abandon, we have cut it from our Corps  
21 application. We are still negotiating and  
22 looking in where -- if this site is not  
23 possible is there other sites along the river  
24 that we can use.

25 If we cannot build the gondola pier we

1 are going to meet with the commissioner of  
2 Harrison County and review where we will  
3 spend the additional money. But right now I  
4 believe the agreement calls for 400  
5 additional parking spaces and 100 additional  
6 rooms.

7 MR. CHAIRMAN: I guess the -- go  
8 ahead.

9 MR. SUNDWICK: Have you come to the  
10 conclusion that you are not going to need the  
11 additional 100 rooms?

12 MR. BROLICK: At this point in time we  
13 feel that the 500 rooms is sufficient. We  
14 have -- in all honesty we have Paul Stillman,  
15 our architect, we have already talked with  
16 him in terms of where we will build the  
17 additional 150 rooms. So we feel like at  
18 some point in time additional rooms will be  
19 required, but at this point in time we feel  
20 that 500 is sufficient.

21 MR. CHAIRMAN: I'm not sure that this  
22 project isn't changing as we watch it. And  
23 I'm not too sure that I personally understand  
24 where we are and where we are going.

25 You know, we had the gondola -- the



1           gondola problem is the same problem we were  
2           just discussing about the mussels.  If you  
3           pull it from the Corps application how can  
4           you go back later.  The Corps will not even  
5           listen to you if you try to go back later.  
6           And you say you had an option on some ground  
7           in Kentucky, you no longer have an option?

8                     MR. BROLICK:  We still have an option  
9           on the ground in Kentucky.

10                    MR. CHAIRMAN:  And how long does that  
11           run?

12                    MR. BROLICK:  I can't tell you exactly  
13           how long that runs, the option.

14                    MR. CHAIRMAN:  Several more months, a  
15           year, until tomorrow morning?

16                    MR. BROLICK:  No, we still have the  
17           option.  Our problem is not with the land  
18           itself.  It was really getting the air rights  
19           to taking the gondolas over the adjoining  
20           land.

21                    MR. SPEAKER:  Well, that was something  
22           that never came up when you were telling us  
23           about the gondola.  And I don't mean you  
24           personally, but when we were hearing about  
25           the gondolas nobody ever said we had -- we

1 have an option on some ground in Kentucky but  
2 we need other items in order to build the  
3 gondola. That was never said.

4 As far as I was concerned the gondola  
5 was something that -- assuming that the Corps  
6 would let you build the supports for the  
7 gondola in the river and so forth, that that  
8 was going to happen. That was the impression  
9 certainly that was left with the application.

10 Nobody ever said we have an option but  
11 we need other things.

12 MR. BROLICK: I would not -- I was not  
13 involved in the complete process.

14 MR. CHAIRMAN: Why don't we do this.  
15 Let me make a suggestion. I think there are  
16 some questions that have arisen. Why don't  
17 we give you an extension of your permit for a  
18 limited period of time and let you come back  
19 and give us the full program, where we are  
20 going, how many rooms we are going to have,  
21 if the rooms aren't going to be built what is  
22 going to be done with the money, where we are  
23 with the gondolas, where we are with the  
24 mussels.

25 Let's have what amounts to a pretty

1 full presentation of what your project is  
2 going to look like now. I think we have had  
3 enough changes and there are enough questions  
4 that I personally am not satisfied that I  
5 know what we are getting to give you a full  
6 six-month extension. I think we need more  
7 information before we go to that extent.

8 And I'm not criticizing what you have  
9 done. I'm sure you have been working very  
10 diligently but if you would include in that  
11 the time table in which you expect things to  
12 happen -- you know, where you are on all the  
13 engineering, all the architectural plans,  
14 etcetera. Where are we? When is this thing  
15 going to happen.

16 MR. BROLICK: Literally for  
17 construction of this facility our bid  
18 packages are going out later this month. So  
19 in terms of this facility, in essence what we  
20 are looking at from a planning point of view  
21 we were hoping to get the permit from the  
22 Corps in ample time frame. That will allow  
23 us with that time frame approximately four  
24 months from the construction of our Marine  
25 facility, as well as the bridge work here, as

1 well as the parking that would allow us  
2 basically to open up the temporary facility  
3 this summer.

4 This structure would then -- we would  
5 have to do some more work prior to the  
6 construction of this structure, but we would  
7 feel that that structure would probably start  
8 construction a couple of months after that.

9 So literally this structure and a lot  
10 of this deals with -- in terms of the  
11 archaeologist going to the site and fazing  
12 that work, so we would adjust these two  
13 areas, and then work backwards. So in terms  
14 of the construction time frame we might like  
15 I said for our long lead items we are going  
16 to offer bid packages later this month.

17 MR. VOWELS: I think what I would like  
18 to see is something less than the normal 680  
19 page documents that I get sent to my office  
20 after asking this kind of question is just a  
21 couple of pieces of paper that shows what the  
22 layout looks like in May when we heard from  
23 you, and what it looks like now, so I can  
24 compare them.

25 The other thing you talk about is 228

1 million dollar proposal and you are trying to  
2 bring it into budget. I hope that doesn't  
3 mean that you are planning on scaling back on  
4 some of the things.

5 MR. BROLICK: Absolutely not.

6 MR. VOWELS: I remember in May that it  
7 was going to cost 228 million dollars. And I  
8 remember on the date of the certificates of  
9 suitability there was a question about the  
10 project in Nova Scotia that could occur here.  
11 It came to my mind so if you are working on  
12 your budget if it turns out that you can't  
13 pay for this stuff with 228 million dollars,  
14 were are you going to acquire the extra money  
15 to pay for what you told us you were going to  
16 pay for.

17 What I want to see is two documents of  
18 what the picture looked like in May, what the  
19 picture looks like now, because the  
20 competition here in May was very strong. We  
21 had a lot of really good applicants here.  
22 They were saying -- and maybe they were lying  
23 about the floodplain, about your ability to  
24 cruise.

25 I want to see those two documents. I

1 don't want to see 600 pages. I want to see  
2 it real simply laid out. I still have the  
3 video tape at home on that great  
4 presentation. But that's what I want to see,  
5 something real simple. What it looked like  
6 in May, what it will be.

7 MR. THAR: I would just try to wind it  
8 up by saying I agree with Alan. Maybe what  
9 you need to do is at a certain period of  
10 time, specified period of time, and tell us  
11 exactly what you are going to do.

12 MR. BROLICK: Would you like us to  
13 come back at the next meeting?

14 MR. CHAIRMAN: Well, I'm not sure if  
15 we are having a meeting in December or not.  
16 But I will think that we would like to have  
17 you come back in January. I personally would  
18 like to see us extend your certificate until  
19 February 1st of next year, and have you come  
20 back in January and tell us where you are.

21 And my version of where you are, and  
22 where you are going can be more than two  
23 pages but Mr. Commissioner Vowels, his can be  
24 two pages, I will go for four. I really do  
25 want to know what's happened.

1           The gondola keeps sticking in my mind  
2 because of the fact that that was certainly  
3 something that sounded exciting. It's not  
4 necessary for the viability of this project  
5 in any way, shape, or form in my judgment,  
6 but it certainly sounded exciting.

7           MR. BROLICK: I have one question in  
8 terms of the Corps. So at this point in time  
9 you desire us not to do anything with the  
10 Corps permit?

11          MR. CHAIRMAN: Where is the Corps  
12 permit? Tell me where we are. That was a  
13 question. What does your Corps permit look  
14 like today?

15          MR. BROLICK: Our Corps permit  
16 basically has us cruising up river. We filed  
17 the Corps permit in August, we had our public  
18 meeting October 23rd, the comments period  
19 ended I believe November 7th, so where we  
20 stand with the Corps permit is the gondolas  
21 have been deleted from the Corps.

22          MR. CHAIRMAN: You notified this  
23 commission that that had been changed?

24          MR. BROLICK: Yes, we have.

25          MR. THAR: With regard to the

1 gondolas, this was discussed prior to their  
2 presentation at the presentation. And this  
3 is the only exception that the Corps has made  
4 knowing what may happen in the future.  
5 Nobody knew what the gondola issue might be  
6 from a Corps permit, permitting process.

7 The Corps didn't think it would be  
8 difficult so long as they had worked out all  
9 of the air rights and easement rights over  
10 the river and over some railroads and other  
11 areas. Those are going to take a long period  
12 of time.

13 The Corps did allow them to say you  
14 can withdraw the gondola portion and resubmit  
15 it independently later, once you get those  
16 issues worked out, which is where I  
17 understood Caesar's was. We were pulling it  
18 out, we were going to continue to explore the  
19 gondola thing. When we've got it packaged  
20 up, the Corps will then allow us to come back  
21 and get a separate permit and have just that  
22 aspect.

23 My understanding is they have an  
24 obligation to continue to pursue that with  
25 the additional hotel rooms. It is not



1 something I heard as a swap with regard to  
2 the gondola. My understanding is their  
3 obligation is to pursue that gondola thing,  
4 even though it may be a separate permitting  
5 process.

6 MR. CHAIRMAN: There was a swap for  
7 something because I can remember --

8 MR. THAR: I don't know whether it was  
9 the hotel rooms.

10 MR. BROLICK: There was a swap in the  
11 Harrison County Development Agreement. The  
12 Corps -- if the gondolas are not constructed,  
13 in essence we would add 100 rooms and the 400  
14 parking spaces.

15 MR. CHAIRMAN: The only variance I  
16 would say is we said at the original hearing  
17 that you -- if you were capable of doing the  
18 gondolas we expected you to spend the money.  
19 You are telling us that you made an agreement  
20 with Harrison County for the 100 rooms  
21 possibly?

22 MR. BROLICK: That was the development  
23 agreement, and that was signed prior to us  
24 actually deleting the gondolas from our  
25 application.

1 MR. CHAIRMAN: I don't think we knew  
2 that. I don't think we knew it, maybe Jack  
3 did.

4 MR. THAR: The development agreement  
5 would still be the negotiated point. Was it  
6 about two weeks ago when you got the call.

7 MR. BROLICK: Yes.

8 MR. THAR: That they were in the final  
9 phase.

10 MS. BOCHNOWSKI: But now his question  
11 was regarding the Corps permit. He's asking  
12 whether they should go ahead and change it  
13 for a southern route, cruising route.

14 MR. SUNDWICK: I think number one what  
15 you ought to do, if I can paraphrase, I think  
16 the gondola -- Jack's evaluation of the  
17 gondola issue is the same one. I think we  
18 can all agree with -- I think the -- I think  
19 you ought to apply for the southern route,  
20 not to hold it up, and then come back and  
21 tell us independently, as Jack suggested, why  
22 we couldn't do -- why you couldn't have a  
23 northern route independent of the situation  
24 with the Corps.

25 MR. BROLICK: I guess that is my

1 question. With the Corps, what we would do  
2 then we would delete the northern route from  
3 our application at this point in time. We  
4 will apply for the southern route, then we  
5 will come back to the commission in two  
6 months and update the commission in detail as  
7 to where we stand with the gondolas, where we  
8 stand with the study we are performing in  
9 relation to the northern route for the cruise  
10 route, as well as giving some detail as to  
11 what was the original design in terms of the  
12 shore-side building and the hotel.

13 MR. CHAIRMAN: And the cost thereof.

14 MR. BROLICK: And the cost thereof.  
15 And where we are today with the design and  
16 cost thereof.

17 MR. CHAIRMAN: All right. Anyone else  
18 have anything else? If there's no further  
19 discussion we have before us Resolution  
20 1996-55, which is the resolution concerning  
21 the extension of the certificate of  
22 suitability issue to RDI Caesar's Riverboat  
23 Casino LLC on May 20, 1996. That resolution  
24 has in the body, section 3, a blank to insert  
25 the word extended or revoked, and an

1 additional blank that has a place for the  
2 date. Do I have a motion to approve that  
3 resolution and insert language in those two  
4 blanks?

5 MR. SUNDWICK: I make that motion.

6 MR. CHAIRMAN: And what date -- is it  
7 to extend?

8 MR. SUNDWICK: Extend to February 1.

9 MR. CHAIRMAN: February 1, 1997.

10 MR. SUNDWICK: Yes.

11 MR. CHAIRMAN: Is there any second to  
12 that motion.

13 DR. ROSS: I will second that motion.

14 MR. CHAIRMAN: Okay. Any further  
15 discussion. Hearing none, all those in favor  
16 say aye.

17 COMMISSION: Aye.

18 MR. CHAIRMAN: Contrary? Motion  
19 resolution is adopted. Thank you.

20 The next item on our agenda is the  
21 disciplinary matters. And I think Miss  
22 Fleming knows something about those. Is that  
23 correct?

24 MS. FLEMING: Yes. Thank you,  
25 Mr. Chairman. The Indiana Gaming Commission

1 initiated complaint, number 96-EM-1 against  
2 the Empress. And that complaint arose out of  
3 an incident that occurred on June 26th, 1996.  
4 That was the date the Empress conducted 12  
5 hours controlled gaming under the supervision  
6 of the commission.

7 At that time the Empress engaged a  
8 temporary agency to assist them in providing  
9 a food and beverage services on the riverboat  
10 and the temporary agency provided personnel  
11 to serve food and beverages aboard the  
12 riverboat. Three of the individuals employed  
13 by the temporary agency were under the age of  
14 21, and none of the three held an  
15 occupational license.

16 Those two requirements are set forth  
17 in various sections of Indiana code 4-33, and  
18 rules promogated thereunder. Pursuant to  
19 that we prohibit anyone being on the  
20 riverboat, either as an employee or a patron,  
21 if they are under the age of 21, and all  
22 persons working on the riverboat must hold an  
23 occupational license.

24 After the commission staff  
25 investigated the matter we initiated the

1 violation. We then held discussions with the  
2 Empress and we have recommended that the  
3 Empress be fined in the amount of \$1500 per  
4 individual who was on board being under the  
5 age of 21 and not holding an occupational  
6 license. And the Empress has agreed to the  
7 settlement.

8 The commission staff is in the process  
9 of reducing the settlement to the appropriate  
10 language, but we have provided an order to  
11 you today that would allow the commission to  
12 approve the settlement terms pending the  
13 commission staff approving the final  
14 language. It is set forth in that order that  
15 the Empress will be fined \$1500 per  
16 individual.

17 MR. CHAIRMAN: Just for clarification,  
18 because this is a required thing, the statute  
19 says that persons under 21 years can be on  
20 the boat as an employee of, but cannot  
21 perform any function involving gambling by  
22 patrons. And then we have our own rule that  
23 says all areas of the boat are considered an  
24 area where gambling is conducted, and nobody  
25 under the age of 21 can be on the boat.

1 MS. FLEMING: Correct.

2 MR. CHAIRMAN: So the statute seems  
3 that the rule that nobody under the age of  
4 21 --

5 MS. FLEMING: The statute leaves it  
6 discretionary, and the rules promogated by  
7 the commission and that our final rules  
8 pursuant to IC-4-21.5 do prohibit anyone  
9 being on the riverboat either as an employee  
10 or as a patron if they are under the age of  
11 21.

12 MR. CHAIRMAN: Because it does involve  
13 a minor in a task --

14 MS. FLEMING: Right. It would be very  
15 difficult to police what areas of the boat  
16 they could or could not.

17 MR. CHAIRMAN: Another thing, too, the  
18 promogation process as we know takes a while.  
19 This happened on June 26th, and this shows  
20 that rule became effective a month later, but  
21 it is still binding upon them because of the  
22 promogaton process.

23 MS. FLEMING: Yes, and the certificate  
24 of suitability that they were issued, as well  
25 as the resolution adopting the rule for

1 publication, we specified that any river boat  
2 licensee or river boat applicant must abide  
3 by any rules that have been adopted and under  
4 which the commission is acting. Part of the  
5 rules were final, part of them were not.

6 MR. CHAIRMAN: Anything further? We  
7 have before us the order of the Indiana  
8 Gaming Commission approving the settlement  
9 agreement of the complaint and we have also  
10 the complaint before us. That's signed by  
11 Mr. Thar, executive director.

12 It recites therein that because of  
13 there are certain mitigating circumstances  
14 that there is a recommendation of \$1500 per  
15 individual. And I guess there were three  
16 individuals so that's \$4500. Do I hear a  
17 motion to adopt the order and insert in the  
18 order the word approves or reject?

19 MS. BOCHNOWSKI: I will so motion.

20 MR. CHAIRMAN: Is there a second?

21 DR. ROSS: I will second.

22 MR. CHAIRMAN: Any discussion  
23 concerning this order? Hearing none, all  
24 those in favor of these orders say aye.

25 COMMISSIONERS: Aye.



1 MR. CHAIRMAN: Contrary? The order is  
2 issued. The next item on our agenda is  
3 temporary suppliers license. Mr. Hannon, you  
4 have some?

5 MR. HANNON: We have two companies we  
6 recommend for temporary suppliers' license.  
7 The first is Anchor Koenig, Inc. It's a  
8 wholly owned subsidiary of Anchor Gaming,  
9 Inc., operating out of Las Vegas.

10 Anchor Gaming is a publicly traded  
11 company. The company purchases machines from  
12 several recognized manufacturers that are  
13 made to order for Anchor or altered by Anchor  
14 to operate one of that company's patented  
15 games. The majority owner of that company is  
16 its founders, Daniel Fulton, who, with some  
17 shares in trust with his children has control  
18 of about 54 percent of the shares.

19 The company holds patents on the games  
20 and warrants their products. Anchor Koenig  
21 is currently conducting business in 14  
22 gambling jurisdictions. The corporation also  
23 has interest in two Colorado casinos and a  
24 Nevada slot route and Nevada lounge.

25 The Nevada facilities have been

1 visually inspected by our investigators and  
2 the company appears to be financially sound.  
3 The primary investigation did not develop any  
4 information that would render the company not  
5 licensing them.

6 The second company is Aristocrat, Inc.  
7 It is a wholly owned subsidiary of Aristocrat  
8 Leisure Unlimited. Approximately 60 percent  
9 of the stock is controlled by a family trust,  
10 with the remainder being publicly traded on  
11 the Australian stock market.

12 Family is that of Leonard Amesworth,  
13 his seven sons, his wife, and his ex-wife.  
14 Leonard was founder but does not currently  
15 have an operating or proprietary interest in  
16 the company.

17 The company designs and manufactures  
18 video gaming devices. The devices are  
19 manufactured in part in Australia then  
20 shipped to the company's facility in Truckee,  
21 California where they are assembled, plus  
22 there are additional parts added that are  
23 manufactured in this company.

24 The company currently operates in 15  
25 domestic gambling jurisdictions and five

1 foreign jurisdictions. None reported any  
2 negative information concerning the company.  
3 A site visit has been made to the facility.  
4 The company has had some regulatory problems.

5 In 1993, Leonard Amesworth and the  
6 company were before the Nevada Gaming Board  
7 for licensing. The company had problems with  
8 licensing primarily because of issues  
9 involving Leonard Amesworth, and ultimately  
10 withdrew the application.

11 In '94, Leonard Amesworth relinquished  
12 ownership and established the Amesworth  
13 trust. The company plans to reapply for  
14 licensing in Nevada.

15 Since that time they have also been  
16 under investigation for sales in Turkey.  
17 Essentially the company provided Turkish game  
18 purchasers with faulty invoices showing lower  
19 than actual sales prices to minimize  
20 importation tax and costs on the purchasers.  
21 The Turkish issue appears to be primarily  
22 bad business practice and was investigated by  
23 private counsel who made recommendations to  
24 keep it from happening again. The  
25 recommendations have been followed.

1                   Our investigation will continue, and  
2                   should any of the individuals involved with  
3                   the company be not licensable through any of  
4                   these actions, the company has a provision  
5                   that they must step down. No other  
6                   derogatory information was developed.

7                   Based on the above we recommend that  
8                   both companies be granted a temporary gaming  
9                   license, although our full investigation will  
10                  of course continue.

11                  MR. CHAIRMAN: Any questions of  
12                  Mr. Hannon concerning these people? I just  
13                  have one question. I want to be sure we get  
14                  all of the names of the people that we are  
15                  licensing. And it's Anchor Koenig, a legal  
16                  entity, or is it just an assumed name that  
17                  Anchor Gaming uses?

18                  MR. HANNON: We will make sure it's  
19                  right.

20                  MR. CHAIRMAN: Okay. And same way  
21                  with Aristocrat. We have before us  
22                  Resolution 1996-56, resolution granting  
23                  temporary suppliers license to Anchor Koenig  
24                  and Aristocrat. Do I hear a motion to adopt  
25                  that resolution?

1 MR. SWAN: I so move.

2 MR. CHAIRMAN: And is there a second?

3 MR. SUNDWICK: I second.

4 MR. CHAIRMAN: Any further discussion?  
5 Hearing, none all those in favor say aye.

6 COMMISSIONERS: Aye.

7 MR. CHAIRMAN: Contrary. The  
8 resolution is adopted.

9 The next item on the agenda is  
10 occupational license matters. And I guess  
11 Miss Fleming will present that matter to us?

12 MS. FLEMING: Thank you, Mr. Chairman.  
13 We have two matters before us today. The  
14 first one involves Mark Hecks who applied for  
15 an occupational license, level two, to work  
16 as a floor supervisor on the Casino Aztar.  
17 Mr. Heck had been granted a temporary  
18 occupational license.

19 And in the process of conducting a  
20 background investigation the commission  
21 discovered that Mr. Heck did not fully reveal  
22 his criminal history. As a result, the  
23 commission revoked his license on July 15th,  
24 1996.

25 The members of the commission and

1 staff then met with Mr. Hecks on August 29th,  
2 but after that meeting decided that his  
3 license would not be reinstated. Mr. Heck  
4 appealed the decision of the commission.

5 The commission appointed  
6 Bernard L. Pilot to serve as administrative  
7 law judge. Judge Pilot held a hearing in the  
8 matter on October 18th, 1996. And on October  
9 31st Judge Pilot filed his finding of fact  
10 and conclusion of law and recommendation.

11 Judge Pilot recommended denial of  
12 Mr. Heck's application be upheld. If the  
13 commission accepts his recommendation and  
14 upholds the denial of Mr. Hecks' occupational  
15 license. Mr. Hecks may appeal the decision  
16 to a court of law.

17 There is an accompanying order where  
18 we can either accept or reject the finding of  
19 fact, conclusion of law, and recommendations  
20 filed by Judge Pilot, or deny and approve  
21 Mr. Hecks' application for an occupational  
22 license.

23 MR. CHAIRMAN: Any questions  
24 concerning this matter? We have before us  
25 the order denying Mark Hecks' application for

1 an occupational license, which has in it  
2 blanks to accept or reject the finding of  
3 fact, conclusion of law, and recommendations.  
4 And then a blank that denies or approves the  
5 application for a permanent occupational  
6 license. Do I hear a motion to adopt that  
7 order and insert the correct language in  
8 those two blanks?

9 DR. ROSS: So moved.

10 MR. CHAIRMAN: And the first blank  
11 would have accept and the second blank would  
12 have the word deny?

13 DR. ROSS: Deny.

14 MR. CHAIRMAN: Is there a second.

15 MS. BOCHNOWSKI: I would second it.

16 MR. CHAIRMAN: Any further discussion?  
17 All those in favor of adopting the order say  
18 aye.

19 COMMISSIONERS: Aye.

20 MR. CHAIRMAN: Contrary. The order is  
21 adopted.

22 MS. FLEMING: The second matter before  
23 the commission involves Donald Anderson.  
24 Mr. Anderson submitted an application for an  
25 occupational license level two to work on the

1 Empress Riverboat as a Black Jack dealer.

2 On May 29th, 1996, Mr. Anderson's  
3 application was denied due to the fact that  
4 he did have a felony conviction. On June  
5 17th Anderson sought a waiver on his felony  
6 disqualification.

7 After a hearing in the matter as the  
8 review officer. I had recommended to the  
9 commission that his request for felony waiver  
10 be denied. The commission adopted that  
11 recommendation on September 6th, 1996.

12 Mr. Anderson then appealed that  
13 decision. On September 20th Bernard Pilot,  
14 the administrative law judge, conducted a  
15 hearing in the matter on October 22nd, 1996.  
16 And on November 8th, 1996, Judge Pilot filed  
17 his finding of fact and conclusion of law and  
18 recommendation. The recommendation of  
19 Judge Pilot was that the denial of  
20 Mr. Anderson's request for a waiver be  
21 upheld.

22 The commission may again accept or  
23 reject the findings of facts, conclusions of  
24 law and recommendation filed by Judge Pilot.  
25 If it accepts the recommendation Mr. Anderson



1 will have the opportunity to appeal the  
2 matter to a court of law.

3 MR. CHAIRMAN: Any questions  
4 concerning this matter? We have before us an  
5 order of the Indiana Gaming Commission  
6 denying Donald Anderson's request for felony  
7 disqualification waiver. It has two blanks  
8 in it. One would be to accept the finding of  
9 fact and conclusion of law and  
10 recommendations filed by Judge Pilot. And  
11 the next blank would be to deny or approve  
12 the request for felony waiver. Do I hear any  
13 motion to adopt that order concerning Donald  
14 Anderson and insert the language in the  
15 blanks?

16 MR. SWAN: I move to accept and deny.

17 MR. CHAIRMAN: Okay. Is there a  
18 second.

19 MR. SUNDWICK: Second.

20 MR. CHAIRMAN: Okay. Any further  
21 discussion? Hearing none, all those in favor  
22 say aye.

23 COMMISSIONERS: Aye.

24 MR. CHAIRMAN: Contrary? The order is  
25 adopted.

1           The next item that we have before us  
2           is a resolution concerning extending the  
3           temporary occupational licenses issued in  
4           connection with the Aztar Indiana Gaming  
5           Corporation beginning on November 20th, 1995  
6           and I think Mr. Hannon can tell us about  
7           that.

8           MR. HANNON: These represent the  
9           licenses we first issued for the Aztar  
10          employees, November through February. The  
11          licenses have an expiration date of one year  
12          on them. Our system is not quite ready to  
13          simulate the information and produce the  
14          permanent licenses.

15          I talked to the people who are putting  
16          the system together and we hope to have it  
17          within the six month period, but we would  
18          like to extend them for that amount of time  
19          to allow us to complete the system and get  
20          the permanent licenses issued.

21          MR. CHAIRMAN: So this is just a  
22          matter to get people --

23          MR. HANNON: Keep the licenses.

24          MR. CHAIRMAN: Keep the licenses from  
25          expiring. And this would be a six month

1 extension. So we have before us Resolution  
2 1996-57 granting the extension of a temporary  
3 occupational licenses issued November 20th,  
4 1995 through February 29th, 1996. Is there a  
5 motion to adopt Resolution 1996-57?

6 MR. SUNDWICK: I will make the motion.

7 MR. CHAIRMAN: Is there a second?

8 MS. BOCHNOWSKI: I will second it.

9 MR. CHAIRMAN: Any further  
10 discussions, any questions? Hearing none,  
11 all those in favor of adopting the resolution  
12 say aye.

13 COMMISSIONERS: Aye.

14 MR. CHAIRMAN: Contrary? Resolution  
15 is adopted.

16 The next item is the consideration of  
17 the issuance of the gaming license to Indiana  
18 Gaming LP in Lawrenceburg. And we have  
19 before us an order to have the order adopted  
20 at least 15 days prior to the time it might  
21 become effective.

22 And I see Mr. Long and Mr. Restoven is  
23 here. So you gentlemen may proceed.

24 MR. LONG: Good morning, Mr. Chairman.  
25 I have a status report that I will like to

1 provide to you, Mr. Chairman. I kind of  
2 split the baby in half. I've got three  
3 things.

4 MR. CHAIRMAN: For a lawyer that's  
5 pretty good.

6 MR. LONG. For the record, my name is  
7 Tom Long. Mr. Chairman, we are here today to  
8 provide a status report on where we stand  
9 with regard to our project. We are happy to  
10 say that we believe we are in the absolute  
11 final stages of our project.

12 I had a conversation this morning with  
13 Mr. Ralph Walls of the Corps of Engineers of  
14 the administrative assistant for Carl Beard.  
15 He indicated to me that the permit will be  
16 placed on the Colonel's desk -- the permit  
17 recommendation, on Friday and the Colonel  
18 will be reviewing the permit recommendation.

19 And we anticipate that it will be a  
20 positive review of the recommendation, and  
21 that our Corps permit will be issued  
22 relatively quickly after that. And certainly  
23 by the time that we have projected to ask  
24 this commission to allow us to have a  
25 shakedown cruise, I believe on December 2nd.

1 With the opening, if everything goes after  
2 that, on the dates set by the commission and  
3 its staff.

4 We have completed all the  
5 construction, as we indicated to the  
6 commission, the last day of October of this  
7 year. We have basically been ready to go  
8 since that date waiting on the Corps permit.  
9 We have been actively working with the Corps  
10 in an attempt to expedite that permit  
11 process, and we are just happy that the  
12 process is about to end. We feel very  
13 confident that we have completed all the  
14 requirements of the Corps and that it will be  
15 successfully issued.

16 With regard to the project itself, as  
17 you know, our temporary site vessel is  
18 currently in place. We will have 52 table  
19 games, 869 electronic gaming devices, all our  
20 tracking systems are installed and in place.  
21 ITT pit systems and vault management systems  
22 are installed and training is taking place on  
23 them.

24 We are currently fully organized with  
25 regard to all of our table games. All of our

1 table chips, gaming chips are in. They have  
2 been delivered and verified. Our internal  
3 controls are certainly underway and extensive  
4 training is underway with regard to the  
5 internal controls and multiple transaction  
6 log and CTR training. The dealer school has  
7 moved from our dealer school out to the boat  
8 for a little more actual live-type training.

9 Our disaster drill was conducted on  
10 the 4th of November by the Coast Guard. I  
11 want to commend the city and volunteers of  
12 Lawrenceburg. We had over 30 vehicles, 30  
13 emergency vehicles responded. It went very,  
14 very well. We were fully licensed and  
15 certified by the Coast Guard.

16 And the Mayor and the police  
17 department and all the emergency people in  
18 that area responded very, very nicely to  
19 this. It was a successful drill. We hope  
20 that we will never have to do this other than  
21 as a drill, but it was very successful and we  
22 evacuated 325 people from our facility, all  
23 per instructions of the Coast Guard.

24 Our reservation systems are on line  
25 and ready to go. Our temporary site pavilion

1 has been totally reconfigured and  
2 reconstructed, \$8,000,000 worth of  
3 renovations on the Spirit of America barge.  
4 I think you will be dully impressed with the  
5 way it has turned out as a temporary  
6 facility.

7 The first deck will house ticketing,  
8 guest services, our casino host, some bars,  
9 waiting areas, and a 200-seat upscale food  
10 court type facility, coat checks, gift shop,  
11 etcetera. Cashiers and gaming area on the  
12 second floor. And the third deck will have  
13 administrative offices.

14 We have received all of the permits  
15 necessary for us to move forward with an  
16 opening. Our certificate of occupancy, our  
17 ABS deadweight surveys, our liquor licenses,  
18 Coast Guard permits for operation, Indiana  
19 Department of Environmental Management  
20 inspections, etcetera. So we are very  
21 confident but for the Corps permit that we  
22 have everything in place.

23 Our relationships with the city and  
24 our company have been working very closely  
25 together. Our development agreements, of

1 course, have been completed. We have had a  
2 redevelopment overly district approved by the  
3 city. All leases, permits, variances,  
4 inspections by local and state people have  
5 been done. All options and all the land that  
6 we need to develop our temporary and  
7 permanent are acquired.

8 We have a flood gate closure test. As  
9 you recall, we split the levy and put a new  
10 set of flood gates in. That testing went  
11 very, very well and was completed on November  
12 12th and approved by the Army Corps of  
13 Engineers.

14 Our parking lots are fully in place,  
15 lined and striped, but for 200 spaces where  
16 we are continuing to do some archeological  
17 recover and inspection process that will be  
18 completed very soon. And that will take us a  
19 couple of weeks in order to repave those 200  
20 positions. In the meantime we will fill in  
21 by utilizing our off-site parking space for  
22 our employees on gravel, until we can cover  
23 those 200 spaces.

24 We are doing today a simulation of all  
25 our shuttle operations in downtown. We have



1 all of our shuttle busses simulated traffic  
2 jams, all of the things that we would try to  
3 do to figure out what we are going to do and  
4 how we are going to make this work.

5 We have been experienced at this in a  
6 number of other locations, and we think that  
7 after we are done working today and we go  
8 back and look at the issues that were there,  
9 work with the city, work with the police,  
10 that we will be able to move our people and  
11 guests -- our employees as well as visitors  
12 very expeditiously so that we can take full  
13 advantage of our crew's schedules and make  
14 their visit to Indiana a very pleasant  
15 experience.

16 From our operational standpoint we are  
17 on line with all our key staff. Our  
18 employees are all coming on board, training  
19 is taking place, badging and licensing is  
20 currently underway. We will have 950 FPE's  
21 when we open the facility, hopefully December  
22 2nd. Those people are all coming on board as  
23 we said and being processed.

24 We will be opening February 1, our  
25 group base service so we have -- we will have

1 seating for 425. We are opening that Walnut  
2 Street property and that will provide for a  
3 group or bay service for groups of 20 or more  
4 on our shuttle or our bus programs. And we  
5 are finding a very strong demand for that.  
6 We think that will be something that will  
7 also service our guests well. Those will be  
8 breakfast, lunch, and dinner menus from \$4.95  
9 to \$11.95.

10 Our permanent site, we've been raring  
11 to go on that, but due to some Corps  
12 restrictions and jurisdictional issues we  
13 have not been able to move forward with that  
14 construction. The day we get that permit, we  
15 are ready to move forward with extensive  
16 additional work on the permanent construction  
17 site.

18 Weather is certainly a critical issue  
19 to us now. We are working in all ways  
20 looking what we can do to mitigate the  
21 effects of what is now going to be possibly  
22 bad weather conditions where we had hoped  
23 that we would have had better weather  
24 conditions. But we are working on that. So  
25 we don't foresee any major problems.

1                   In summary, we have invested about  
2                   72.3 million dollars to date in cash money in  
3                   boats that we are building for permanent and  
4                   temporary sites and everything. We have much  
5                   more committed of our full project costs. We  
6                   believe that we are completely ready to open.  
7                   We will be ready to invite the staff down  
8                   hopefully December 2nd. We believe that date  
9                   will be met, and will ask the commission to  
10                  allow us to open full time sometime -- I  
11                  guess there's a normal two to three day wait  
12                  after that, on the date that the  
13                  commission -- or the commission staff sets  
14                  forth.

15                  I want to take this opportunity to  
16                  indicate to the commission that we are very  
17                  pleased to be here today with what I consider  
18                  to be very positive and good news. We  
19                  appreciate working with the staff and  
20                  commission over the course of the last year  
21                  and a half, I guess is about what it is.

22                  No one anticipates a lot of the issues  
23                  we run into, but we all worked together for  
24                  the common cause and that's to bring a very  
25                  fine product to the State of Indiana. I

1 think you will be very proud of our temporary  
2 site, as well as the permanent site  
3 facilities that we will have open for you  
4 next year with this.

5 Mr. Klineman, I will respectfully  
6 request that our request for licensing in the  
7 State of Indiana for the Indiana Gaming LP be  
8 granted, and that the staff be authorized to  
9 move forward with the appropriate shakedown  
10 cruises, and ultimately allowing us to open  
11 for service to the public at a date set by  
12 you. Thank you.

13 MR. CHAIRMAN: Thank you, Mr. Long.  
14 Any questions for Mr. Long?

15 MS. BOCHNOWSKI: Mr. Long, I do have a  
16 question. I'm a little concerned, and I'm  
17 wondering if you are concerned because you  
18 can only stay in this temporary site for one  
19 year, and that is not our decision, depending  
20 on when the permit is granted. You then have  
21 to start new construction on a permanent  
22 site. Are you at all concerned that it will  
23 take more than a year to get into that site?

24 MR. LONG: Well, we have a -- we have  
25 a -- we are working our construction schedule

1 daily to try to make contingencies for that.  
2 We believe that we will be able to be in that  
3 permanent site within a year.

4 The only holdup there is -- the big  
5 contingency is the archeological recovery  
6 work we need to do in the dredging area, or  
7 the basement area that we will make our boat  
8 slip out of. We are now working on ways to  
9 protect that area so we will be working in  
10 higher water.

11 And I just had a discussion with Paul  
12 Keller, the lawyer you are all familiar with,  
13 and we believe that we certainly can fit that  
14 deadline. It's going to take a great deal of  
15 engineering dedication and dedication by our  
16 construction crew. But as we sit here today,  
17 we don't see any problem and we certainly  
18 believe that we will be able to have all our  
19 terminal facility ready to go and our slip  
20 ready to go, and our parking garage.

21 And what we are trying to do is make  
22 a -- to the most critical items we will  
23 actually move the boat to the permanent site  
24 first, so we are ready to do that. And --  
25 you know, it may be that there are some

1 things, for instance on the rolling out the  
2 hotel, it may be -- you know, an issue. But  
3 that is not critical for us to continue to  
4 operate.

5 MS. BOCHNOWSKI: But within a year you  
6 will be able to move to the permanent site?

7 MR. LONG: Yes, we believe -- I don't  
8 see any problem.

9 MS. BOCHNOWSKI: But that will be out  
10 of our hands.

11 MR. LONG: We understand that. We are  
12 very well aware of that.

13 MS. BOCHNOWSKI: Okay. The other  
14 question I wanted to make sure of, initially  
15 it sounds like you were working real well  
16 with the environmental groups that you need  
17 to work with, is that continuing?

18 MR. LONG: Oh, yes, I think it's been  
19 very successful. We have the ox bowl  
20 program.

21 MS. BOCHNOWSKI: That was the main one  
22 I was concerned about.

23 MR. LONG: We are very pleased with  
24 what we have done on our wetlands mitigation  
25 program and also the conservation issue. We

1 dedicated with them the conservation  
2 easements we worked out with the conservation  
3 district to dedicate the large portion of  
4 that land to conservation.

5 It has been a cooperative effort  
6 between the city and us and the ox bowl and  
7 the department and conservation district  
8 there in the community. I think it worked  
9 out very well.

10 Everybody set down and said that we  
11 are really are trying to make this work with  
12 all of us and everybody saw kind of a win,  
13 win and we got things worked out. I think  
14 that's all in rhetoric. Sometimes people  
15 agree to sit down and work things out and I  
16 think the relationship is very good right  
17 now.

18 MS. BOCHNOWSKI: Well, I thought the  
19 people from ox bowl were very approachable.

20 MR. LONG: Yeah, they have been.

21 MS. BOCHNOWSKI: They seem willing to  
22 work with you but we haven't gotten any  
23 communication from them in recent months, so  
24 I wanted to make sure.

25 MR. LONG: That part of the Corps

1 permit of course and they inputted it to the  
2 Corps and that's why it was closed. And my  
3 presumption, since the file is open, is that  
4 that has all worked out. Well, I know from  
5 our standpoint. I believe the Corps agreed  
6 to one.

7 MR. SUNDWICK: How will you handle the  
8 new \$100 bills?

9 MR. LONG: We can handle the new \$100  
10 bills, and we hope we have a lot of them.

11 MR. CHAIRMAN: There has been a lot of  
12 conversation about the revenue sharing  
13 programs in Lawrenceburg, is there anybody  
14 that can tell us where that's going and what  
15 progress they are making in the revenue  
16 sharing plan?

17 MR. LONG: Mr. Frank Kramer, counsel  
18 to the city, is here to address that.

19 MR. CHAIRMAN: Okay.

20 MR. KRAMER: with respect to the  
21 revenue sharing --

22 MR. CHAIRMAN: Will you tell your  
23 name.

24 MR. KRAMER: My name is Frank Kramer,  
25 Assistant City Attorney. And we have not



1 completed the revenue sharing arrangement.

2 The Mayor has been meeting with the  
3 leaders of the other political subdivisions  
4 and currently has a committee appointed. And  
5 what we -- what Mayor Gabbard has in mind is  
6 the creation of a foundation which would  
7 result in long-term benefits, hopefully, for  
8 all of the citizens and political  
9 subdivisions of the county. That has not  
10 been completed to date.

11 Your obvious question is why is it  
12 taking you so long. One of the reasons is  
13 that there was a development agreement signed  
14 at the very end of 1995, which severely  
15 impacted the financial situation in the City  
16 of Lawrenceburg, could have resulted in  
17 revenues of five to 15 million dollars less  
18 to the city. We renegotiated the development  
19 agreement with Indiana Gaming Company. That  
20 was completed about August of this year and  
21 should already -- that was up to speed on  
22 those negotiations.

23 During that interval it was difficult  
24 for us to say what revenue sharing we would  
25 be capable of doing. Since we have redone

1 the development agreement, in August of this  
2 year, we are now in a much better position  
3 to forecast what the revenues are and so  
4 forth. However, we have not been able to  
5 reach agreement with the other political  
6 subdivisions, such as Greendale, Aurora, and  
7 Dearborn County; nor does it appear that we  
8 are ever going to be able to.

9 It appears that what we have to do is  
10 come up with a plan and -- which we feel  
11 is -- there is a substantial part of the  
12 revenue that the City of Lawrenceburg is  
13 expected to receive that will be dedicated to  
14 this foundation. And further, any revenue  
15 plan that we have is likely to be in two  
16 steps. One what will be shared the first  
17 year and the second what will be shared in  
18 subsequent years.

19 The reason for that is of course, as  
20 you know, we are involved in this sewer  
21 plant, the construction of the new sewer  
22 plant, and that's going to be bid like about  
23 immediately after the first of the year.  
24 That's going to result in a financial  
25 expenditure of \$10,000,000 or thereabouts

1 that will become due from the city next year.

2 The sewer plant will result in an  
3 indirect benefit to Aurora, Greendale, and  
4 the county because it's the regional sewer  
5 district. It serves all of those  
6 communities.

7 What we envision is to build the sewer  
8 plant from funds received from the gaming  
9 company and from other revenue. Under the  
10 development agreement there's like \$7,000,000  
11 that is dedicated to the sewer plant. That's  
12 the first payments that -- our payments that  
13 will arrive in two or three years.  
14 Contractors are not going to be willing to  
15 wait those two or three years, so that will  
16 impact the ability of the city to engage in  
17 revenue sharing, depending on what time we  
18 are speaking of.

19 MR. CHAIRMAN: So what you are telling  
20 me is that you are late doing this because  
21 you are going to have to reduce funds? It  
22 was a reduction of funds available?

23 MR. KRAMER: Yes. What happened was  
24 on December 28th of 1995, the prior  
25 administrations signed an agreement. They

1 had in mind building a new sewer plant. For  
2 the past 20 years or so we have all been  
3 members of a sewer district. They wanted to  
4 build a brand new sewer plant. None of the  
5 other communities wanted to do that.

6 But the agreements that they signed in  
7 December of 1995, said that if you don't  
8 build the new sewer plant Indiana Gaming only  
9 has to pay half the cost of that. So that  
10 obviously would have to be five to seven  
11 million dollars.

12 In other words, if we built the --  
13 what we are going to do is to upgrade the  
14 existing plant. But under that December  
15 28th, 1995 agreement if we did that Indiana  
16 Gaming was only going to have to pay like  
17 only half the costs. So then we would have  
18 had to pay the remaining costs. And we  
19 didn't get that straightened out so to speak  
20 until August of this year. And that was  
21 millions of dollars.

22 MR. CHAIRMAN: So because of that you  
23 just couldn't feel you could put together  
24 some sort of percentage plan of how you were  
25 going to do this, whatever revenues you had.

1 It sounds to me what happened is that they  
2 just said we are not going to do anything  
3 until we find out how many dollars we are  
4 going to get.

5 MR. KRAMER: We worked on it all  
6 along. The Mayor has been working with the  
7 other political subdivisions in trying to  
8 reach an agreement. It's apparent to me that  
9 we are not going to be able to reach an  
10 agreement.

11 MR. CHAIRMAN: Why? Why can't you  
12 reach agreement. You are just going to give  
13 them some money. What's the problem?

14 MR. KRAMER: There's certainly going  
15 to be monies available. They, for example,  
16 want more than we are willing to agree to.  
17 And they are probably not going to want the  
18 form of revenue sharing, this foundation that  
19 we have in mind, which would be a long-term  
20 benefit to the entire area.

21 MR. CHAIRMAN: What's the foundation  
22 supposed to do?

23 MR. KRAMER: The foundation, it would  
24 be funds that the city would pay over to the  
25 foundation, substantial amount of money to

1 the foundation, that would be beyond the  
2 control of Lawrenceburg, and it would be  
3 available for matching funds for community  
4 projects for our part of the state.

5 MR. CHAIRMAN: What percentage are you  
6 talking about putting in this foundation?

7 MR. KRAMER: It would be a  
8 substantial -- I really can't say that, as  
9 to -- you know, what amount of money. I can  
10 tell you it will be a substantial sum.

11 MR. CHAIRMAN: Fifty percent.

12 MR. KRAMER: Perhaps. All of this, of  
13 course, is subject to the approval of the  
14 city counsel and for me to tell you that the  
15 city counsel is going to do something --

16 MR. SUNDWICK: I understand that. I  
17 guess -- you know, it's one thing to say we  
18 are unable to get an agreement as to  
19 percentages with the other adjoining  
20 entities, but then when you go further and  
21 say we don't think they are going to like a  
22 foundation, I guess I'm left with the  
23 question why are we doing a foundation if  
24 that's not what they want.

25 I mean, maybe you can agree on

1 percentages at some point in time after some  
2 hard give and take. Maybe that's been tried  
3 already and it's impossible to do.

4 But putting it in the foundation to me  
5 doesn't really do that which some of these  
6 adjoining entities need, they need cash money  
7 to do this or that or whatever. And just to  
8 say it's going to be administered through a  
9 foundation, I don't think it accomplishes  
10 what these people need. Maybe I'm  
11 interfering in something I shouldn't be.

12 I think we started this thing with a  
13 level of fairness, and we talked to -- there  
14 was discussion about this situation, yeah, we  
15 are going to treat everybody fairly. And it  
16 always seems to me if I -- I don't know much  
17 about the area, but if they are not agreeing  
18 and somebody thinks they are being mistreated  
19 I guess that's what I would glean out of  
20 this. It would seem to me that with the  
21 spirit of fairness you go out to the other  
22 communities and do something.

23 This means as much to me as the Ox  
24 bowl and mussels mean to Ann -- you know, and  
25 I think Ann feels the same way that I do

1 about the mussels. We got to do something  
2 about that. It's been a year and a half and  
3 a couple of administrations. Everybody keeps  
4 saying gee, we don't know and could be's and  
5 what if's. And I think it's a community  
6 responsibility.

7 And, as you a say, maybe it's none of  
8 our business, but somebody made an agreement  
9 with us and said yeah, we are really -- in  
10 fairness we are going to look into this and  
11 it doesn't appear that that's happening.

12 MS. BOCHNOWSKI: I agree with Bob too.  
13 A foundation requires staff administering who  
14 gets what and -- you know, why don't you just  
15 give this guy a percentage. I mean it just  
16 seems only fair and then they could spend it  
17 exactly the way they want to spend it It  
18 sounds like a big red tape kind of thing.

19 MR. KRAMER: Well, just a couple of  
20 remarks. First of all, we stated what the  
21 others are doing. I called Evansville to see  
22 what they were doing and they apparently  
23 don't have a revenue sharing agreement  
24 whatsoever. Then I did get the agreement at  
25 Rising Sun. What we have -- what we have in



1 mind is a deal that would be more favorable  
2 than the one in Rising Sun.

3 MS. BOCHNOWSKI: Yeah, but you are  
4 completely different than Evansville because  
5 you got more small communities.

6 MR. KRAMER: Correct, yes. And it's  
7 not on the issue of whether or not there's  
8 going to be a revenue sharing program, we  
9 just don't have it done yet for the reasons  
10 that I've given. We hope to have it in the  
11 next 60 days.

12 MR. CHAIRMAN: I would get the staff  
13 involved or the commission or whatever you  
14 want to call that.

15 I agree with Ann, it seems to me you  
16 spend a lot of money on the administration of  
17 something. Just figure out a way to do it  
18 without foundations or I guarantee the next  
19 thing we will be talking about -- it will be  
20 in the paper who got the the foundation  
21 check. Anything further? How do we conclude  
22 this, the revenue sharing aspect.

23 MR. KRAMER: I don't know. There's a  
24 couple of different ideas of what could go.  
25 We pulled the transcripts of what was

1 represented, and it was by the prior  
2 administration.

3 They didn't articulate exactly how  
4 they were going to do the revenue sharing,  
5 but they threw out some relatively large  
6 numbers, like 50 percent of all revenues  
7 generated from the tax were to be shared.  
8 That was the representation by the prior  
9 administration.

10 Things substantially changed, we have  
11 had discussions with the city. One of them  
12 was that conservation district which was  
13 supposed to lease the land to the city, or  
14 the city would get the land for Indiana  
15 Gaming was improperly put together, so when  
16 they put together the new conservation group  
17 or board, whatever they call them, they  
18 weren't now going to give the land to the  
19 city. What's the rent on that now,  
20 \$6,000,000 a year, so that took a huge bite  
21 out of revenues to the city. So that changed  
22 like on the eve of the administration walking  
23 out the door and the new administration  
24 coming in.

25 The second thing was the prior

1 administration had been insistent upon you  
2 got to build a new sewage plant. The present  
3 administration as I gather the remainder of  
4 the sewer district agreed that by upgrading  
5 and expanding, you get a better facility for  
6 less money. So they had to renegotiate what  
7 the gaming company's contribution would be  
8 under that. That finally has left them in  
9 the position that is now, what do you do with  
10 regard to the revenue sharing.

11 MR. THAR: On the one hand, this  
12 commission enforces those revenue sharing  
13 items when they are made as a promise and put  
14 out, and have the ability then to review it  
15 later on to see if that promise is being  
16 carried through.

17 The flip side of the coin is, if the  
18 license was to issue and gaming start under a  
19 promise that there would be a revenue sharing  
20 plan, which we don't know what it is, what is  
21 there to enforce, if there is anything, that  
22 we could enforce. Well, the community would  
23 look to us to enforce what they had what  
24 position are we in to order a community,  
25 after the fact, and now do something. So I

1 don't know where that leads us. It leads us  
2 in a couple of ways.

3 One, are they willing to escrow a  
4 percentage of the gaming monies they receive  
5 until such time as they have a plan in place  
6 so that the money is there. If not, then the  
7 question becomes do you allow it to open.

8 The third thing then becomes if you  
9 allow it to open does the commission then say  
10 we are not going to enforce any of the  
11 economic development plans. Those are all  
12 very severe type recommendations, but I don't  
13 know what the alternatives are. Do we want  
14 to deprive the state of income by not opening  
15 this when it's ready to open, when the Corps  
16 gives you your permits, because the city  
17 hasn't gotten the revenue sharing plan in  
18 place?

19 MS. BOCHNOWSKI: Well, I just don't  
20 think that it should be this hard to get this  
21 revenue sharing done -- you know, so if there  
22 is a reduction in the revenue because the  
23 lease is higher than what they thought, just  
24 deduct that from the amount.

25 I still don't see -- but maybe we have

1 no choice, there's no other way if they are  
2 not -- I mean this has been a very -- and  
3 this is a new administration that we are not  
4 familiar with. This has been a very  
5 uncooperative group of communities, and a  
6 couple of them just can't seem to get along.

7 MR. THAR: I think Mr. Kramer's  
8 representation that it's difficult to try to  
9 satisfy people is relatively accurate.

10 MS. BOCHNOWSKI: Don't satisfy them,  
11 just say this is what you get and that's it.

12 MR. KRAMER: I believe that's where we  
13 are going to land.

14 MR. CHAIRMAN: I think that Jack or  
15 somebody said -- you know, I think you look  
16 at us, you -- they characterize 50 percent of  
17 this. Yeah, we are willing to do this. We  
18 are trying to say, well -- you know, if that  
19 was the original characterization of that  
20 what percentage do you plan to do. Make it  
21 pretty simple and then get out of it.

22 But I recall that there was a concern  
23 up front because the other communities were  
24 not very happy with it because it was going  
25 to be a Lawrenceburg issue. And we went

1 through the whole football deal. We sat  
2 there and listened to what -- geez how bad it  
3 is in football.

4 So I guess what we are trying to do is  
5 say if these licenses are granted what do we  
6 do. Do we say well, geez, we hope you do it  
7 again. And we hoped the last time. We are  
8 not any further down the road.

9 MR. THAR: Well, in choosing  
10 Lawrenceburg I think the sentiment of this  
11 commission was that Lawrenceburg as an entity  
12 is not in relationship to the county and to  
13 the other entities around. And is not the  
14 dominant.

15 MR. KRAMER: There are three  
16 communities that are about equal size in  
17 population.

18 MR. CHAIRMAN: Right, so you don't  
19 really -- you are not the 800 pound gorilla,  
20 you are just one among equals. So it was the  
21 feeling that the impact on the whole area was  
22 being shared, maybe not equally.

23 I mean it's still in Lawrenceburg, but  
24 certainly there was an impact that that's  
25 what the revenue sharing was to supposedly

1 solve, to mitigate the impact. I think the  
2 Mayor wants to say something.

3 MAYOR GABBARD: Yes.

4 MR. CHAIRMAN: You want it identify  
5 yourself?

6 MAYOR GABBARD: I am the mayor of the  
7 City of Lawrenceburg.

8 MR. CHAIRMAN: One more time. Your  
9 name sir.

10 MAYOR GABBARD: Alan Gabbard, mayor of  
11 the City of Lawrenceburg. I want to assure  
12 each and every one of you the same as I have  
13 assured Mayor Braun and Mayor Kelly, two of  
14 the neighboring communities there, there will  
15 be a revenue sharing package.

16 We will share these revenues with the  
17 entire Dearborn county area, because this was  
18 a Dearborn county project, every vote counted  
19 yea or nay in Dearborn County, and everyone  
20 will receive benefits from the revenue coming  
21 off the gaming vessel.

22 Probably the reason it's taken so long  
23 I guess is because I'm very conservative. I  
24 envision this thing as being something that  
25 if we handle it correctly will be a long-term

1 benefit to the entire county and I don't want  
2 to be reckless with this. I want to try to  
3 establish something that will be there for  
4 years to past, so that all the people of  
5 Dearborn County will benefit from it, but  
6 there will most definitely be a revenue  
7 sharing package.

8 We have looked at this thing, we have  
9 looked at different options. We are bringing  
10 in some different heads now and we are  
11 working on it. And it will be finalized here  
12 very shortly.

13 MR. CHAIRMAN: By the members of the  
14 commission -- I understand you pointed your  
15 own commission to see how this was going  
16 to -- how it was going to be handled, am I  
17 right?

18 MAYOR GABBARD: I have had the city  
19 attorney and municipal development director,  
20 one member of counsel, we are going to ask  
21 Mr. Buddy Downs to come in --

22 MR. CHAIRMAN: As you said though, you  
23 commented earlier that this was a county  
24 issue, they all voted yea, that's why we got  
25 the vote, that's how it happened. Why



1 weren't there other representatives from the  
2 other communities to help on this commission  
3 to say how we get to help divide this up.

4 MAYOR GABBARD: This, regardless of  
5 how it comes out, will have to be approved by  
6 our council, and that's why I wanted to get  
7 our body to look at different options, to get  
8 something that our body is comfortable with,  
9 then we will bring -- have a public meeting  
10 and bring the entire county representatives  
11 in.

12 MR. CHAIRMAN: And tell them the  
13 answer?

14 MAYOR GABBARD: Would either tell them  
15 or work out -- if we have trouble areas, try  
16 to work them out with them.

17 MR. CHAIRMAN: The commission has a  
18 date, the operators have a date, does the  
19 city have a date?

20 MAYOR GABBARD: I'm hoping that this  
21 thing -- we can complete this thing within  
22 the next 30 to 60 days. I'm very optimistic  
23 on it because we are getting real close to  
24 finalizing something which our body is  
25 comfortable with.

1 MR. CHAIRMAN: Jack, what is your  
2 opinion on whether we have the power or not,  
3 if they cannot come to an agreement, whether  
4 we have the ability to come to that agreement  
5 for them.

6 MR. THAR: I didn't hear the last  
7 part.

8 MR. CHAIRMAN: Can we make the  
9 decision if they don't get a decision made by  
10 a certain date? Do we have the power to do  
11 that?

12 MR. THAR: Probably not by statute.  
13 It would probably be challenged on that. We  
14 could also, however, refuse to allow economic  
15 development agreements, but there's no  
16 provision in the statute for that either.

17 The question here is one of mutual  
18 cooperation and representation. There were  
19 numerous issues when we were looking at south  
20 east Indiana.

21 Switzerland County, who did not get a  
22 license, had a revenue sharing plan in place.  
23 Lawrenceburg did get a license, represented  
24 they had a revenue sharing plan. They had  
25 articulated that 50 percent of the tax that

1 they received to go not only to Dearborn  
2 County but Ripley and Ohio, and I forget the  
3 other county, it might have been Switzerland,  
4 I don't remember. That hasn't materialized.  
5 Ohio County's has materialized and is in  
6 place and is funded.

7 So the issue becomes just how do you  
8 go about potentially an agreement by the  
9 city. To escrow certain funds that they  
10 receive is one thing. The other thing is  
11 with regard to the economic development  
12 agreement. What does Argassi pay in  
13 additional percentage of win to the City of  
14 Lawrenceburg?

15 MR. KRAMER: We are guaranteeing  
16 \$6,000,000 per year.

17 MR. THAR: And then what's the  
18 percentage? It's X percentage but not less  
19 than \$6,000,000?

20 MR. KRAMER: Right. I think it's five  
21 percent. It's a scale based all the way up  
22 to I think 14.

23 MR. THAR: What bulk, \$200,000,000?

24 MR. KRAMER: Let's hope we get there.

25 MR. CHAIRMAN: We can't go with the

1 tax distribution as set forth. We could  
2 request that that be escrow Ed, that  
3 additional amount until the revenue sharing  
4 plan is in place.

5 I think that what we ought to do --  
6 you know, in a level of fairness, and I  
7 always get a sense of -- maybe I'm just  
8 distrustful, it just seems to me there ought  
9 to be something that everybody agrees to  
10 besides roll it out and say geez that's what  
11 you get, and it's going to to be in this and  
12 everybody -- your counterparts before you  
13 were elected to your position said they  
14 weren't really pleased with what they heard,  
15 so obviously we are not very pleased.

16 MS. BOCHNOWSKI: I think it makes a  
17 difference on how we voted on this whole  
18 thing.

19 MAYOR GABBARD: I'm sure that you will  
20 see the spirit of cooperation.

21 MR. SUNDWICK: All I can remember is  
22 that gentleman from Greendale standing in  
23 front talking about writing speeding tickets  
24 to people coming through Greendale. I  
25 mean -- to be honest with you, I think that

1 if it gets down to it and people there can't  
2 cooperate, and I don't know if they are ever  
3 going to be able to, that we have to start  
4 getting -- make it clear that what decisions  
5 we can make we would like them to be made at  
6 the local level as fast as possible.

7 But I'm not shying away from being  
8 able to throw our weight around and we can  
9 make decisions for you. Because this thing  
10 has dragged on too long and there's too many  
11 if's and this and the old administration and  
12 everything else, and who knows what's going  
13 to happen after the next Grand Jury.

14 Sometimes I just wish we could go back  
15 and just start all over again because the  
16 bottom line is either work it out or I'm  
17 going to propose that we work things out for  
18 you to the degree legally that we can. We've  
19 got a responsibility to the entire state of  
20 Indiana to get these tax dollars in. And I  
21 want to see people over there get jobs. And  
22 my patience and cynicism passed in the night  
23 a long time ago.

24 MAYOR GABBARD: And I'm assuring you  
25 each and every one of the members that this

1 will be worked out and it will be worked out  
2 in a timely manner. And I have had  
3 correspondence, like I said, with Mr. Braun  
4 and Mr. Kelly and we are the type we may  
5 disagree but we are the type of people that  
6 can set down and work our disagreements out.  
7 And I'm sure we can come up with a decision.

8 MR. CHAIRMAN: Well, we certainly hope  
9 so. And I don't mean to put complete cold  
10 water on the concept of having a foundation  
11 but -- you know, at least just sitting here  
12 that sounds like something where people will  
13 have to come up with their hat in their hand  
14 and say I got this project please give me  
15 some money. I don't think that's the concept  
16 that revenue sharing should take. I think it  
17 should take more or less here's the money  
18 spend it any way you want.

19 MAYOR GABBARD: Well, really that's  
20 not what I'm basing -- when I started looking  
21 at this, I looked at this from the sole  
22 purpose, something like this, of taking it  
23 out of the hands of the politician. I want  
24 to put something there to where elected  
25 officials or no one at this point use it

1 haphazardly. I wanted to set something up to  
2 where it would be a secure long-term benefit  
3 to the entire county.

4 MR. CHAIRMAN: Well, Mayor, the money  
5 you are going to keep, the percentage, will  
6 be subject to your discretion and your town  
7 folk discretion. I'm just saying whatever  
8 money goes to other people should likewise be  
9 subject to their officials and their  
10 discretion, rather than you imposing some  
11 kind of board, no matter how fair the board  
12 would be, it still would involve --

13 MAYOR GABBARD: And that's  
14 understandable.

15 MR. CHAIRMAN: And I guess we trust  
16 you and your council, you ought to trust the  
17 other mayors and their councils.

18 MAYOR GABBARD: I agree.

19 MR. THAR: Mayor Gabbard, would you  
20 agree, or would Mr. Kramer agree with you,  
21 that until the revenue sharing plan is in  
22 place you would be willing to have Argassi  
23 escrow those cash payments, not  
24 infrastructures specific, but the percentage  
25 of the gaming wins be escrow Ed until the

1 revenue sharing plan is in place?

2 MR. KRAMER: This is part of our  
3 cash-flow problem in that the cost of the  
4 sewer plant, Indiana Gaming has an obligation  
5 to contribute toward that. Those payments  
6 are -- \$7,000,000 of that, of those payments  
7 are deferred to like years two and three.

8 My name is Frank Kramer, city  
9 attorney. And to the extent that we are  
10 going to need some of these funds to start  
11 construction on this sewer plant may be a  
12 problem.

13 MR. THAR: So the answer is no.

14 MR. KRAMER: Well, I think we would  
15 have a tough time of that.

16 MR. CHAIRMAN: Well, didn't you try to  
17 exempt, Jack, project specific monies.

18 MR. THAR: Project specific monies is  
19 the percentage of win guarantee -- percentage  
20 of win that escalates based upon the amount  
21 of the win to a minimum of \$6,000,000.  
22 That's the money I'm talking about not  
23 project specific funds.

24 MR. CHAIRMAN: But what I'm hearing  
25 Mr. Kramer saying, correct me if I'm wrong,



1 that money is part of the cash flow that  
2 needs to get the sewer plant started, because  
3 there's a first payment with regard to the --  
4 what \$7,000,000 more that's going to come for  
5 the plant?

6 MR. KRAMER: Yes.

7 MR. CHAIRMAN: But that's the only  
8 potential handle that this commission has  
9 other than not to open the boat.

10 MS. BOCHNOWSKI: When you do get the  
11 \$7,000,000 down the road, where would that go  
12 then?

13 MR. KRAMER: Those would be the funds  
14 that would be available at that point.

15 MR. CHAIRMAN: Then why don't we  
16 escrow \$7,000,000, that payment. It's going  
17 to be down the road, and whatever principal  
18 has been paid toward the sewer plant, take  
19 that out and the rest of it has to be -- you  
20 have to have a plan. You will never get  
21 there. You will never get the \$6,000,000 if  
22 you don't come up with a plan, I guess.  
23 Unless you use it out of cash flow.

24 MR. KRAMER: I have a suggestion. I  
25 would recommend that 25 percent of the

1 revenue be escrowed.

2 MR. CHAIRMAN: What revenue?

3 MR. KRAMER: Of the tax and  
4 attendance.

5 MR. THAR: Pursuant to the economic  
6 development agreement or pursuant to the  
7 state statutory provision?

8 MR. KRAMER: I don't follow your  
9 question.

10 MR. THAR: The city of Lawrenceburg  
11 has negotiated for payments from the Indiana  
12 Gaming Company above and beyond that money  
13 that was distributed pursuant to river boat  
14 gambling.

15 MR. KRAMER: Correct.

16 MR. THAR: The admissions tax, which  
17 is overseen by us, collected by revenues,  
18 dispersed, Lawrenceburg will get a buck, the  
19 county will get a buck, the other buck is  
20 broken out.

21 MR. KRAMER: Right.

22 MR. THAR: And of the 20 percent win  
23 tax, five percent, or 25 percent of the tax,  
24 goes back to Lawrenceburg. Are you proposing  
25 to escrow 25 percent of that total amount?

1 MR. KRAMER: Yes.

2 MR. THAR: And what about the monies  
3 from the economic development.

4 MR. KRAMER: Well, those are the funds  
5 that are deferred to a considerable extent.

6 MR. THAR: So the City of Lawrenceburg  
7 would voluntarily take 25 percent of the  
8 amount of tax revenue that they receive in  
9 and escrow that?

10 MR. KRAMER: I don't have the  
11 authority to say that. That's what I will  
12 recommend.

13 MR. CHAIRMAN: Well, by accepting or  
14 by leaving this matter based upon what you  
15 are saying about the 25 percent, I hope we  
16 are not create a ceiling of revenue sharing  
17 with the other entities, because that is not,  
18 I don't think, anything this commission would  
19 want to do. Because -- you know, we heard in  
20 terms of 50 percent at least to be shared  
21 with the other entities, and so I wouldn't  
22 want to leave the impression that 25 seems to  
23 satisfy us, it doesn't.

24 MR. KRAMER: No, sir, I know.

25 MR. CHAIRMAN: And, again, I agree

1 with you. I think if I were capable of  
2 saying take a suggestion of 25 percent we say  
3 okay let's go on it with this thing and then  
4 they get back to you and say we all agreed to  
5 25 percent --

6 MR. THAR: If their city council is  
7 going to meet before they open the boat. The  
8 city council would agree to that and the  
9 mayor would agree to that --

10 MR. KRAMER: Yes.

11 MR. THAR: Say that we would  
12 voluntarily agree to escrow this amount to  
13 the revenue sharing plan. Then I think  
14 that's a fair amount and that you can  
15 progress.

16 The flip side is just require all  
17 payments under the economic development  
18 agreement be paid by the boat owner, not to  
19 the city, but into an escrow account until  
20 such time it's approved for disbursement.

21 We can't -- they can voluntarily agree  
22 to escrow it out of the tax if they represent  
23 that to us. Our only real hold is over the  
24 gaming company, directing them what to do and  
25 not to do.

1                   So I think their offer of taking it to  
2                   the city council, from a staff perspective,  
3                   of escrowing 25 percent until you get that  
4                   revenue sharing thing agreed to is more than  
5                   fair.

6                   MR. CHAIRMAN:   Okay.   Would you keep  
7                   the commission informed as to where you are?  
8                   And hopefully when you finally resolve this  
9                   question to advise us to where you are on the  
10                  revenue sharing?

11                 MR. KRAMER:   We will keep you apprised  
12                 of our every move.

13                 MR. CHAIRMAN:   Well, does that mean we  
14                 don't have to hold Argassi hostage?   We can  
15                 go ahead with the order?

16                 MR. KRAMER:   Yes.

17                 MR. CHAIRMAN:   It seems to be a ground  
18                 swell out there, of one.   All right.   Well,  
19                 then we will leave it to your good offices,  
20                 Mr. Kramer.

21                 MR. KRAMER:   Thank you.

22                 MR. CHAIRMAN:   And the mayor.   And we  
23                 don't mean to be harsh on either one of you  
24                 you happen to be here today, but we have been  
25                 around and around this tree so many times now

1 that we are getting a little dizzy.

2 We have before us the order of the  
3 Indiana Gaming Commission issuing the Indiana  
4 Gaming Company LP a riverboat owner's  
5 license.

6 And as you will see in that order  
7 is -- recites certain things in Section A,  
8 and then it lists certain conditions which  
9 must be met to the satisfaction of our staff,  
10 who we still love. And as I said before this  
11 whatever applicable statute apparently needs  
12 to be put in place before all the things are  
13 completed. So we have this order before us  
14 and it's subject to the conditions of Section  
15 B. Do I hear a motion to adopt the order to  
16 issue the license?

17 MR. SUNDWICK: I will make that  
18 motion.

19 MR. CHAIRMAN: Is there a second?

20 DR. ROSS: I will second.

21 MR. CHAIRMAN: Any discussion?

22 Hearing none, all those in favor of issuing  
23 the order to issue -- authorizing the order  
24 to issue a riverboat owner's license to the  
25 Indiana Gaming Company LP, say aye.

1 COMMISSIONERS: Aye.

2 MR. CHAIRMAN: Contrary? The order is  
3 adopted. And I guess we need to execute --  
4 the commission members need to execute a  
5 clean copy of this order.

6 MR. THAR: I think Miss Dean has just  
7 started one.

8 MR. CHAIRMAN: Well, congratulations  
9 to the Indiana Gaming Company. All they have  
10 to do is fulfill the other conditions and you  
11 will get a license. We wish you luck. Good  
12 luck in the operation. We are all pleased  
13 that you come along this far. You have now  
14 just crossed the finish line.

15 The next item is the appointment of an  
16 administrative law judge. Apparently we --  
17 in previously appointing Bernard L. Pilot  
18 administrative law judge, I guess we only  
19 authorized him to hear certain matters and  
20 this will expand his powers so that he can do  
21 whatever is necessary.

22 MS. FLEMING: Yes. Prior to this it  
23 was for occupational licensing matters. And  
24 at this point, since we have initiated  
25 disciplinary actions, if one of those would

1 proceed to hearing we do need a more generic  
2 appointment.

3 MR. CHAIRMAN: So we have the  
4 appointment of Bernard L. Pilot to hear all  
5 matters necessary?

6 MS. FLEMING: Correct.

7 MR. CHAIRMAN: Do I hear a motion to  
8 authorize the appointment of Bernard L. Pilot  
9 as the administrative law judge?

10 MR. SWAN: So moved.

11 MR. CHAIRMAN: And is there a second?

12 MR. VOWELS: Second.

13 MR. CHAIRMAN: Okay. All those in  
14 favor of the appointment say aye.

15 COMMISSIONERS: Aye.

16 MR. CHAIRMAN: Contrary. The  
17 administrative law judge is appointed.

18 Anything further to come before the  
19 commission, Mr. Thar?

20 MR. THAR: I don't know.

21 MR. CHAIRMAN: Mr. Hannon.

22 MR. HANNON: No, I don't believe so.

23 MR. CHAIRMAN: Do the commissioners  
24 have anything further? Do I hear a motion to  
25 adjourn.



1 MR. SUNDWICK: I make that motion.

2 MS. BOCHNOWSKI: And then we will wait  
3 to hear about another meeting.

4 MR. CHAIRMAN: I don't know. I think  
5 there was a form given to the commissioners  
6 concerning available dates, so if you will  
7 make those available to Michelle or Jill or  
8 somebody I guess we can choose a date. So  
9 our next meeting will be held at a time and  
10 place to be announced. Are we going to meet  
11 in December, do you think, Mr. Thar?

12 MR. THAR: I don't think so. I think  
13 we -- if something of an emergency matter  
14 come up, my suggestion would be to see if we  
15 could do it by telephone, because we don't  
16 have any more hearings or votes.

17 MR. CHAIRMAN: Is there any desire for  
18 us to meet down in Lawrenceburg when the boat  
19 opens? Any desire on anyone to come to  
20 Lawrenceburg.

21 MR. SUNDWICK: I will be there at the  
22 opening.

23 MR. CHAIRMAN: Well, you might have a  
24 date where on short notice I think you can  
25 have a meeting. I think you will have enough

1 commissioners down in Lawrenceburg on the  
2 date the boat opens.

3 MR. SUNDWICK: They got hotels down  
4 there, we can stay at a hotel.

5 MR. CHAIRMAN: All those in favor of  
6 adjournment say aye.

7 COMMISSIONERS: Aye.

8 MR. CHAIRMAN: The meeting is  
9 adjourned.

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1 STATE OF INDIANA )  
2 COUNTY OF HENDRICKS ) SS:

3 I, Peggy Morgan, a Notary  
4 Public in and for the County of Hendricks,  
5 State of Indiana at large, do hereby certify  
6 that the Indiana Gaming Commission Business  
7 Meeting was taken down in stenograph notes  
8 and afterwards reduced to typewriting under  
9 my direction, and that the typewritten  
10 transcript is a true record of the business  
11 meeting.

12 IN WITNESS WHEREOF, I have  
13 hereunto set my hand and affixed my notarial  
14 seal this 16th day of December, 1996.

15   
16 \_\_\_\_\_  
17 Peggy Morgan  
18 Notary Public

19 My Commission Expires:  
20 December 26, 1998  
21 County of Residence:  
22 Hendricks  
23  
24  
25