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BEFORE THE INDIANA GAMING COMMISSION

PUBLIC MEETING

RECEIVED

MORNING SESSION

JUL 12 1995

TRANSCRIPT OF PROCEEDINGS INDIANA GAMING COMMISSION

DATE: June 30, 1995

PLACE: Westin Hotel, Grand Ballroom V
50 S. Capitol Avenue
Indianapolis, Indiana

REPORTED BY: James E. Shirey, Notary Public, RPR

MEMBERS OF THE COMMISSION

Alan I. Klineman, Chairman
Thomas F. Milcarek
Robert W. Sundwick
Dr. David E. Ross, Jr.
Donald R. Vowels
Ann Marie Bochnowski

ALSO PRESENT

John J. Thar, Executive Director,
and Members of the Staff

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1 ... After the Call to Order and
2 Roll Call, Report of the Executive
3 Director and Old Business, at 9:10 a.m.,
4 the following proceedings were had:

5 CHAIRMAN KLINEMAN: We will now
6 move into the item of New Business on our
7 agenda.

8 The first item is Consideration of
9 Renewal of the Certificate of Suitability
10 for Trump Indiana, Inc.

11 I presume Mr. Tabbert will present
12 that matter to the Commission.

13 MR. TABBERT: Thank you very much,
14 Mr. Chairman, members of the Commission.

15 CHAIRMAN KLINEMAN: Do you want to
16 identify yourself?

17 MR. TABBERT: I will. I was about
18 to do that. Don Tabbert, counsel for
19 Trump. Nick Ribis, who's the CEO of
20 Trump. Pat Dennehy you all know, and Bob
21 Pickus (phonetics) the general counsel is
22 here. These are the people that will be
23 answering questions that you might have.

1 We have 15 minutes allotted time,
2 and I want to give to you 10 points that
3 we believe justifies the renewal of the
4 Certificate of Suitability.

5 Point No. 1. You have received
6 from us a written list of what has
7 occurred from December the 9th, through
8 and including April the 30th. Actually
9 going into May. It's a large number of
10 items which show constant and continued
11 effort on the part of the Trump
12 organization. It's very, very
13 substantial. After that period, I want
14 to address by going to the next nine
15 points.

16 So Point No. 2 is that Trump has in
17 fact placed in escrow with Chicago Title
18 the entire 13.5 million purchase price
19 pursuant to the Agreement of Sale with
20 Lehigh, and this was done over a week
21 ago. It's going to acquire the
22 approximately 90 acres of Buffington
23 Harbor, and presently we can inform you

1 that these documents have all been fully
2 negotiated and executed by Trump and
3 Lehigh. All the documents are signed.

4 The final document that's involved
5 in the transaction is a Stipulation of
6 Dismissal to come from the City of Gary,
7 which is to be given immediately to the
8 Trump organization.

9 The next, Point 3. On June the
10 16th, 1995, Trump made the initial 2.4
11 million dollar payment pursuant to the
12 construction of Sale Agreement with
13 Atlantic Marine, Inc., for the
14 construction of the 24 million dollar
15 gaming vessel to be utilized by Trump for
16 its Gary riverboat project. It's a 290
17 foot yacht style vessel with over 35,000
18 square feet of casino space, scheduled
19 for completion, that we can tell you, in
20 the first quarter of 1996. We believe it
21 will be in February of 1996. That's the
22 estimate we have, and it's a good
23 estimate. It's a solid estimate. And

1 right now, as soon as that construction
2 is completed, subject to whatever,
3 weather or geographical limitations that
4 might be present, we are ready to open.
5 We would be ready to go forward. We have
6 been talking for a long time about the
7 first three months. I think we're
8 talking about the end of March and the
9 early part of April. That's a very solid
10 statement. It's not just speculation.

11 The next point. We continue to
12 procure the permits and approvals
13 necessary to construct the water base and
14 land side improvements necessary for the
15 project, specifically with the Coast
16 Guard, on harbor design, and an amendment
17 to the pending Army Corps. permit. It's
18 ready to be filed today, and it will be
19 actually filed as the closing takes
20 place.

21 Next point. Trump has conducted
22 numerous interviews for senior management
23 positions; expects to make appointments

1 within the next month. Trump has also
2 participated in the Readiness Agreement
3 Process developed by the City of Gary.

4 Next, Trump has leased and is
5 actually going through renovation now of
6 corporate offices on the Industrial
7 Highway in Gary; expect to open almost
8 immediately. It's right across from the
9 airport.

10 Next point is that on May 27, 1995,
11 Trump entered into a Memorandum of
12 Understanding with the City of Gary.
13 Pursuant to that, Trump paid the city
14 \$205,000, you may remember that figure
15 had been bounced around for quite
16 sometime, to reimburse the city for
17 expenses incurred by it in the licensing
18 process.

19 Again, we make reference to the
20 fact that the Stipulation of Dismissal of
21 the condemnation proceedings, we are
22 anticipating is taking place and will be
23 handed to us today.

1 Next point. Huber, Hunt & Nichols
2 have been employed by Trump as our
3 Construction Manager. That's effective
4 right now.

5 Next, we have hired a Director of
6 Naval Operations which will take care of
7 overseeing the construction of the boat;
8 the staff with regard to the boat.
9 Basically everything relating to the boat
10 we're talking about under that category,
11 that person has been hired and is ready
12 to go.

13 Next, with regard to the investors
14 and the foundation, and regarding the
15 individual investors, and regarding the
16 foundation at seven and a half percent in
17 each of the categories.

18 With regard to the individual
19 investors, we are continuing our
20 discussions to formulate a capital
21 structure consistent with the new IPO
22 that will allow the original local
23 investors. Nobody is backing off from

1 it; that we are going ahead with those
2 investors.

3 With regard to the foundation, we
4 also have an unconditional commitment
5 with regard to that foundation. And as a
6 result of a change, we are right now
7 reviewing the appropriate corporate
8 structure that will be consistent with
9 the IPO.

10 Those are the 10 points that we
11 wish to submit which we believe
12 constitute a very substantial effort on
13 the part of the Trump organization.

14 I'm sure you all are aware, we
15 don't need to repeat it, the fact that it
16 would have been nice to have gone forward
17 a little sooner. Frankly speaking, I
18 don't know how that could have happened
19 as a lawyer dealing with the three
20 entities that we have to deal with.

21 I will be glad to answer any
22 questions, but the people who are here
23 may also be able to respond to any

1 questions that you have. Thank you, Mr.
2 Chairman.

3 CHAIRMAN KLINEMAN: Thank you, Mr.
4 Tabbert. Dr. Ross.

5 DR. ROSS: You had indicated, Trump
6 had indicated earlier that they would do
7 something to the exit off of the highway.
8 How is that scheduled? Is that scheduled
9 early or late?

10 MR. RIBIS: Dr. Ross, I can address
11 that. Nicholas Ribis, on behalf of Trump
12 Indiana.

13 As part of our plan construction,
14 we are going to, from the exit ramp,
15 Cline Avenue directly out to the site.
16 That's all part of our renovation plan
17 for our opening next year. And Huber,
18 Hunt & Nichols will be monitoring that as
19 Construction Manager.

20 CHAIRMAN KLINEMAN: Any other
21 questions?

22 MS. BOCHNOWSKI: Can you elaborate
23 a little bit on the foundation? Is that

1 going to be funded at the same level?

2 MR. RIBIS: It will be-- Trump

3 Indiana is a wholly owned subsidiary. So

4 there's no confusion, Trump Indiana has

5 its own funding, its own source of

6 funding, and the money is captured at the

7 Trump Indiana level, so there is no

8 question that it will be right through

9 the Trump Indiana, the same seven and a

10 half percent that we talked about

11 earlier.

12 MR. TABBERT: No question about

13 both categories.

14 CHAIRMAN KLINEMAN: Anything

15 further? Mr. Thar?

16 EXECUTIVE DIRECTOR THAR: How close

17 are you to the closing on the Lehigh

18 property?

19 MR. RIBIS: Well, my people have

20 worked on that. As you know, it's very

21 complex. Every document is completed,

22 executed and completed. The money is in

23 escrow. The Stipulation of Dismissal

1 which the city agreed to hand over to us
2 when that happened, May 27th in their
3 agreement with us, we understand that
4 that should be done today. It's
5 important that it done today because we
6 are filing our application before noon
7 today with the Corps. of Army Engineers
8 for the modification to the harbor, so we
9 don't lose any time on that.

10 EXECUTIVE DIRECTOR THAR: From your
11 prospective and from Lehigh's
12 prospective, then there's only one
13 document lacking?

14 MR. RIBIS: Every document has been
15 executed. We are finished with Lehigh.

16 EXECUTIVE DIRECTOR THAR: But you
17 can't close until you get the Stipulation
18 for Dismissal.

19 MR. RIBIS: The condition to
20 proceed obviously by Lehigh, is that the
21 city, contemporaneously with the closing,
22 would turn over the stipulation. The
23 agreement, I think the Commission has a

1 copy.

2 MR. TABBERT: Mr. Thar, we assumed
3 that the Stipulation of Dismissal would
4 be here signed this morning.

5 EXECUTIVE DIRECTOR THAR: The city
6 is here, so we will be able to ask them.

7 CHAIRMAN KLINEMAN: Could you just
8 briefly outline the harbor plans that you
9 have, and have they been okayed by
10 anyone?

11 MR. RIBIS: Obviously we have been
12 meeting with the Corps. of Army
13 Engineers. We are going to have a
14 temporary harbor right where Lehigh is.
15 We have come to an agreement with them as
16 to the modifications that are necessary,
17 what we consider a minor modification to
18 the harbor. We have a permanent harbor
19 which will run concurrently, but our
20 transaction permits us to stay for at
21 least 10 years, if necessary, in the
22 temporary harbor. We obviously want to
23 build our new harbor next to it, which

1 will require the Corps. of Army
2 Engineers, and sometimes that takes
3 longer than two years, but we are going
4 to start that process as soon as we
5 receive our modification permit. Lehigh,
6 in a document, has agreed to cooperate
7 fully with us on that.

8 We have come to an agreement as to
9 what the temporary harbor design will
10 be with Lehigh. So there's no question
11 we have a harbor agreement signed with
12 Lehigh so that we can commence that
13 application today.

14 CHAIRMAN KLINEMAN: You will be
15 grading sheltered waters?

16 MR. RIBIS: Yes. Sheltered
17 waters. Correct. Yes.

18 CHAIRMAN KLINEMAN: The only other
19 thing I think I have, is could you just
20 briefly outline for the public the amount
21 of money that's being made available to
22 the Gary project out of the IPO?

23 MR. RIBIS: Sixty million dollars,

1 fifty-nine million, 60 million dollars.

2 In addition to that, there is
3 certain financing that's available to us,
4 equipment financing on our machinery and
5 also our boat, so we feel comfortable
6 that 75 million dollars, plus or minus is
7 going to be what the project is going to
8 look like when it gets completed by next
9 year.

10 CHAIRMAN KLINEMAN: And I presume
11 you are aware that this Commission
12 requested and did receive a personal
13 undertaking from Mr. Trump?

14 MR. RIBIS: Yes.

15 CHAIRMAN KLINEMAN: That he would
16 see personally that the monies were
17 available to complete the Gary project?

18 MR. RIBIS: Yes. He still has a
19 personal undertaking. I know that there
20 was some press comment on that recently,
21 and it's just not accurate. There is a
22 personal undertaking. I will acknowledge
23 that here today again, and I don't think

1 there is any question that we wouldn't
2 have put thirteen and a half million
3 dollars in escrow to close on the land if
4 we weren't going ahead.

5 MR. TABBERT: Mr. Chairman, while
6 Mr. Ribis, Mr. Pickus and Mr. Dennehy
7 were up in Gary yesterday for two or
8 three days, I spoke personally with Mr.
9 Trump yesterday afternoon, and he
10 reaffirmed his commitment on the very
11 point you raised.

12 CHAIRMAN KLINEMAN: Well, we do
13 have it in writing.

14 MR. RIBIS: We have it in writing
15 which is even better.

16 CHAIRMAN KLINEMAN: I'll take it in
17 writing. They taught me one time it's
18 more effective.

19 ... Laughter.

20 Anything else?

21 MR. MILCAREK: The boat that you
22 are going to have on 2/96, that's a
23 permanent boat, not a temporary boat?

1 MR. RIBIS: Yes. We had an option
2 over here on the Glowmar (phonetics), but
3 because of the timing of the project, as
4 you know, things got pushed back, and you
5 know Mr. Trump wants the biggest and the
6 best with his name on it, so we went out
7 and contracted with Atlantic Marine for
8 the largest vessel of this type, which is
9 under construction now. It will be
10 completed sometime in January or
11 February.

12 And as you know, as Mr. Tabbert has
13 said, we have hired a Naval Marine
14 Director of Operations, and he's down in
15 Jacks (phonetics) overseeing the
16 construction, and Mr. Trump has been
17 personally involved in that process, so
18 that's the reason why we decided to go
19 for the larger permanent vessel now
20 rather than going to a temporary vessel.

21 MR. MILCAREK: One other question.
22 The money that you have reimbursed the
23 city, the \$205,000, was that the total

1 bill, or is that going to be split with
2 your partner?

3 MR. RIBIS: I think it was half and
4 half. We have submitted our two hundred
5 and five thousand.

6 MR. TABBERT: Correct.

7 CHAIRMAN KLINEMAN: The record
8 should show that there is an agreement
9 which has been filed with the Commission
10 between the Trump organization and the
11 City of Gary that you alluded to, and
12 it's made a part of our permanent
13 record.

14 Mr. Thar, do you have anything
15 further?

16 EXECUTIVE DIRECTOR THAR: No, I
17 don't.

18 CHAIRMAN KLINEMAN: Do you have any
19 suggestions on time frame for extension
20 of Certificate of Suitability?

21 EXECUTIVE DIRECTOR THAR: It would
22 depend in part I suppose on when the
23 Commission wants to hear from the city

1 before it acts on this one, and my
2 recommendation would be if the Commission
3 is comfortable with it, that it be six
4 months from the date the original
5 certificate expired.

6 CHAIRMAN KLINEMAN: That would put
7 us back at December 15?

8 EXECUTIVE DIRECTOR THAR: Yes.

9 CHAIRMAN KLINEMAN: Anyone else
10 have anything further?

11 I understand Mayor Barnes is
12 present; is that correct?

13 EXECUTIVE DIRECTOR THAR: We were
14 told that, that he just arrived.

15 CHAIRMAN KLINEMAN: Mayor Barnes,
16 welcome. Do you have any comments
17 concerning the Trump request at this
18 time?

19 MAYOR BARNES: I understand that--

20 CHAIRMAN KLINEMAN: Would you
21 identify yourself just for the record?

22 MAYOR BARNES: Thomas Barnes. And
23 I understand that both companies will be

1 making presentations, and I would like to
2 reserve comments until after those
3 presentations have been made.

4 CHAIRMAN KLINEMAN: Well, we have
5 been trying to handle this separately,
6 but we will entertain your request for
7 further comments.

8 If we have nothing further, no
9 questions further from the Trump
10 organization, we will now move into the
11 Barden President, which is the next item
12 on our agenda: Consideration of Renewal
13 of the Certificate of Suitability for
14 Barden/PRC-Gary, LLC.

15 I see Mr. Barden and Mr. Ellers
16 here.

17 EXECUTIVE DIRECTOR THAR: Mr.
18 Chairman, if I may. Handed to me by Mr.
19 Barden about 10 minutes ago, is a letter
20 and a request, that probably a discussion
21 will ensue of Mr. Barden.

22 CHAIRMAN KLINEMAN: When this
23 Commission sets the deadlines we do get

1 things moving, don't we?

2 Mr. Thar has just handed us a
3 correspondence signed by Mr. Ellers,
4 dated June 29th, but we received it this
5 morning.

6 I guess Mr. Ellers, if you would
7 state your name, if you could briefly
8 tell us what this agreement concerns and
9 how it fits into the matter we have
10 before us.

11 MR. ELLERS: My name is Edward
12 Ellers, President of the President
13 Riverboat Casino dash Indiana, Inc..

14 You are correct, Mr. Klineman, I
15 guess I learned a long time ago when
16 somebody said to me that the lawyers eat
17 until they run out of food, so we ran out
18 of food this morning.

19 President Casino has disclosed in
20 its 10-K and has had discussions with the
21 staff periodically, has signed an
22 agreement this morning proposing to
23 transfer its interest in the Gary project

1 to Don Barden, and things related to Don
2 Barden so Mr. Barden can take over the
3 project.

4 In connection with the agreement,
5 we have given Mr. Barden several options
6 in terms of the boat; in terms of
7 management; in terms of other things so
8 that this project can keep moving under
9 his guidance.

10 For example, we have offered him
11 the use of the boat, the New Yorker, so
12 that he can be in operation as quickly as
13 possible, or at his option, he can put
14 the boat back to us. We will take the
15 boat back, either way, he can have it his
16 way.

17 In addition, with respect to
18 management, we said to Mr. Barden that if
19 he has somebody that he wants to manage
20 this project that's acceptable to this
21 Commission and approved by this
22 Commission, that that person-- we would
23 step aside and that person could manage

1 the project. If Mr. Barden is unable to
2 find somebody within the time frame
3 required, we would be willing to act as
4 the manager at a market compensation not
5 to exceed 4 percent.

6 So we would be able to stand with
7 Mr. Barden; meet with Mr. Barden, and Mr.
8 Barden would assume the financial
9 obligations and retain more of the
10 ownership position in this project.

11 We feel that is in the best
12 interest of our shareholders. Mr. Barden
13 feels that is the best, not only for him,
14 but for the project, that essentially is
15 what this agreement is about.

16 CHAIRMAN KLINEMAN: Okay. Any of
17 the Commissioners have any questions
18 concerning this matter? Mr. Barden is
19 here present, and I assume he could
20 answer questions if you had any.

21 EXECUTIVE DIRECTOR THAR: Mr.
22 Barden, would you give us your
23 prospective of what Mr. Ellers has just

1 related to the Commission?

2 MR. BARDEN: Yes. Honorable
3 Chairman and members of the Commission.

4 Mr. Ellers adequately expressed
5 where we are in this situation. I am
6 fully prepared to undertake the project,
7 and with the options that President
8 Companies have made available to us with
9 respect to the boat, and the offer of
10 their management of either permanently or
11 on an interim basis is very adequate for
12 me to proceed.

13 As all of you know, I do have all
14 of the money in cash in the bank to
15 proceed with the project, and I'm willing
16 to invest whatever is necessary as I
17 expressed before, to make this project
18 happen.

19 The extension of the certificate is
20 important to me. I would ask and request
21 that it be granted for the six months.

22 I would also like, if you would
23 like, to get back to you relative to my

1 decision on whether or not I will utilize
2 the present management or substitute them
3 for someone else. But be assured, that
4 whatever I do, we'll have your prior
5 approval before it is implemented or
6 done.

7 I have also brought along a check
8 for the remaining balance of the
9 \$255,000, which on our account is a
10 hundred and I think ninety-five thousand
11 dollars to deliver to the city for
12 reimbursement of their expenses.

13 As you know, between President
14 and myself, we have spent a tremendous
15 amount of money. I personally funded the
16 harbor design; I conceived and negotiated
17 the Settlement Agreement with Lehigh; I
18 was stymied the last couple of months, I
19 couldn't finalize it, but the Trump
20 organization took it up and did finalize
21 it. We have talked with the Trump
22 organization. We have reimbursed them
23 for our half of the purchase price. I

1 got the documentation and talked to
2 Donald yesterday, and I am excited about
3 moving forward now that these things are
4 complete, like I have always done in the
5 past to make them happen.

6 CHAIRMAN KLINEMAN: Thank you.
7 Anyone have any questions of Mr. Barden?

8 EXECUTIVE DIRECTOR THAR: Mr.
9 Barden, are you prepared to step in and
10 fund 50 percent of the purchase of
11 Lehigh?

12 MR. BARDEN: Yes, I am.

13 EXECUTIVE DIRECTOR THAR: How soon
14 are you prepared to do so?

15 MR. BARDEN: As soon as I get all
16 the documentation and have my attorneys
17 review them. I would imagine those
18 documents will be forwarded to me
19 immediately, so within a reasonable time
20 thereafter I will fund our half.

21 EXECUTIVE DIRECTOR THAR: If I
22 understand correctly, the President is
23 requesting this Commission today to allow

1 them to transfer their ownership to you.
2 They made a recommendation as a part of
3 that, that you would be individually as
4 of today, financially responsible for
5 that project, and you are indicating to
6 this Commission that you are, that you
7 will willing to undertake that
8 obligation?

9 MR. BARDEN: Yes. I, along with any
10 other funds I may borrow. I may consider
11 bringing in another investor. I have a
12 tentative agreement with a very major,
13 major investor, and I am authorized to
14 disclose it, but probably won't take
15 advantage of the business prospective
16 until I have it signed, sealed and
17 delivered to announce it. But yes, in
18 one word, the answer is yes. I will see
19 to it from my own funds, and others if
20 necessary, to fund this project. I have
21 cash in the bank, not in the stock
22 market. Treasury bills, CD's, other
23 monies reserved for this purpose.

1 EXECUTIVE DIRECTOR THAR: You at
2 one point in time made a representation
3 that that amount would be in the area of
4 one hundred million dollars that you had
5 available to you.

6 MR. BARDEN: I said that's what I
7 had in cash, but in terms of this
8 project, the project called for President
9 to invest 20 to 30 million dollars. I
10 have set aside that money. That's what
11 we had budgeted; that's the initial cash,
12 plus the boat, so if you want a specific
13 amount, I would tell you 30 million
14 dollars.

15 EXECUTIVE DIRECTOR THAR: You have
16 presently in cash set aside for this
17 project?

18 MR. BARDEN: Yes.

19 CHAIRMAN KLINEMAN: And I guess in
20 just briefly reviewing or flipping
21 through the agreement which has been
22 delivered to us, I see you signed it in
23 several places on behalf of several

1 entities. The representations you just
2 made to Mr. Thar and this Commission, is
3 that you have 30 million dollars set
4 aside for this project in some name that
5 you can speak on behalf of, is my
6 question.

7 MR. BARDEN: My company is the
8 Barden Company, and this specific Indiana
9 corporation is Barden Development which I
10 perform two different functions, but
11 Barden Company is kind of my personal
12 holding company. I guess I'm saying I
13 own everything. I'm the only director.
14 When I commit, I'm committing my company,
15 so I can tell you that whatever entity is
16 utilized, I will personally fund it to
17 the extent of 30 million dollars minimum.

18 CHAIRMAN KLINEMAN: I haven't had a
19 chance to review all these materials. Is
20 there something in this material that
21 would back up the oral statement you just
22 made, that you are personally
23 responsible?

1 MR. BARDEN: I don't think so but--
2 well, yeah, I think it backs that up.
3 But if you would like, Mr. Chairman, I
4 will be happy to send you a letter
5 committing those funds.

6 CHAIRMAN KLINEMAN: I think it
7 would give this Commission a little more
8 comfort. Not that we doubt your word,
9 because you have been honest throughout
10 these proceedings, but I think we should
11 have that in our record.

12 MR. BARDEN: I would be happy to
13 make that available.

14 CHAIRMAN KLINEMAN: Anything
15 further?

16 MR. SUNDWICK: Yes, Mr. Chairman, I
17 would like to ask the Trump people if in
18 fact they have an opinion about this
19 change. Do you have an opinion?

20 MR. RIBIS: We really don't. We
21 just learned about it with the
22 Commission. We like Mr. Barden; he's
23 been very open with us. Obviously we

1 weren't involved in what was going on
2 between those two companies. We have a
3 Joint Venture Agreement but it's with the
4 prior predecessor, so I'm sure all this
5 will have to take some form.

6 EXECUTIVE DIRECTOR THAR: Bob, if I
7 may, that statement wouldn't necessarily
8 be true. If the Joint Venture Agreement
9 is with the applicant, Barden/President
10 PRC Gary, that entity still exists and
11 the Certificate of Suitability holder
12 it's just a matter of who owns the stock,
13 so that Joint Venture Agreement and its
14 obligations still exists. Do you agree
15 with that Mr. Barden?

16 MR. BARDEN: I certainly do. It's
17 spelled out in that document.

18 MR. RIBIS: That's fine.

19 MR. MILCAREK: Do you have a
20 tentative date that you might be in
21 operation much along the lines of the
22 Trump people?

23 MR. BARDEN: Yes. I think we'll

1 have to work expeditiously to get the
2 harbor ready, but we will have the boat
3 ready to go whenever the harbor is
4 ready. So our engineer tells us it will
5 be ready in January, and our people work
6 closely with their people. We have
7 attended all of the meetings and I have
8 had people full time on this nonstop even
9 after there was deliberation on the
10 President's part. We have not signed off
11 of this.

12 And so therefore, if the harbor is
13 ready in January, we would be ready. The
14 boat is ready; just the equipment to put
15 it there.

16 CHAIRMAN KLINEMAN: Anything
17 further? Well, thank you.

18 MR. BARDEN: Thank you.

19 CHAIRMAN KLINEMAN: I presume Mayor
20 Barnes, this might be the appropriate
21 time for you to address us.

22 MAYOR BARNES: Thank you very much,
23 Mr. Chairman.

1 I know that there's been a lot of
2 water, if you will, that's gone by the
3 bridges since we started, since even this
4 last time that I even appeared before
5 this Commission, and I do appreciate this
6 opportunity to share some thoughts and
7 share with you our position on the
8 comments that have been made this morning
9 by our developers, and I hope that you
10 will allow me perhaps six or seven
11 minutes. I'm sure that would be
12 sufficient for me to share those
13 thoughts.

14 Just going back to December the 9th
15 of 1994, on that day several things
16 happened; there were presentations that
17 were made before this Commission; there
18 were commitments that were made, and this
19 Commission obviously made some decisions.

20 The commitments basically were that
21 our developers were ready, willing and
22 able to pursue expeditiously the bringing
23 on of gaming in the City of Gary,

1 Indiana. We embraced those decisions
2 that were made by the Commission. One of
3 course was the choice that the city had
4 promoted, and the other of course was the
5 unanimous decision of this Commission.

6 Subsequent to that, almost
7 immediately, our developers undertook
8 with our blessings, negotiations with the
9 owner of the Buffington property. We in
10 a sense backed away and gave them full
11 Carte Blanc ability to do that without
12 any interference from the city
13 whatsoever.

14 Almost immediately the developers
15 indicated, after some discussions with
16 the owners of the property, that the
17 attitude was recalcitrant and gouging,
18 and that those negotiations were broken
19 off.

20 Sometime very shortly following
21 that, in fact in February of 1995, one of
22 the developers presented to this
23 Commission the concept of exploring the

1 locale site, locale site for gaming
2 development. This was enthusiastically
3 embraced by the city administration and
4 also by the city council. And of course
5 we also took efforts to immediately
6 attempt to acquire that property. In
7 fact, those efforts were moving along,
8 but almost immediately that effort was
9 negated because one of the developers
10 indicated that they had entered into
11 re-entered negotiations with Lehigh, and
12 in fact had an agreement, or purported
13 agreement that would allow for the
14 beginning of riverboats in July or August
15 of this year.

16 During the course of that period of
17 time, the city continued to pursue, and
18 pursue successfully thus far, the
19 condemnation effort which would, if in
20 fact all other things failed, would allow
21 the city to take possession of that
22 property on July the 24th or before that
23 of this year.

1 Subsequent to the most recent
2 favorable decision by the board, I called
3 and attempted to arrange joint meetings,
4 and this is back in May, joint meetings
5 with both of the developers concurrently
6 in Gary. We were able to arrange a
7 meeting with Mr. Trump, which we met with
8 him, and as a result of our meetings with
9 him, entered into a binding Memorandum of
10 Understanding.

11 We were not able to get a joint
12 meeting with Mr. Ellers and Mr. Barden,
13 the Barden President development team,
14 but we did-- we were finally able to get
15 a meeting however with Mr. Ellers.

16 Subsequent to those meetings and
17 those activities, the MOU which was
18 developed after a great deal of
19 negotiation and discussion, around the
20 clock negotiation in Gary with the Trump
21 team, provided as follows:

22 One, that there would be a
23 negotiated land deal by Trump.

1 Two, that there would be a deed
2 over and lease back of the property to
3 the city with simultaneous dismissal of
4 the condemnation action.

5 And of course that gaming would
6 occur by October of 1995.

7 We entered into this agreement
8 based on a couple provisions, but all of
9 them leading to expediting the whole
10 issue of getting the boats in operation.
11 And that of course was our primary
12 motivation.

13 As the Trump team has just
14 indicated, the original date, and the
15 date that was set forth in our Memorandum
16 of Understanding, which would have been a
17 closing on the boat on June the 15th of
18 this month, and of course the closing on
19 the land would have been within a short
20 period of time after that, and of course
21 90 days after that, the actual operations
22 would occur.

23 Now, our purpose here today, Mr.

1 Chairman, and Commission members, is to
2 support a decision by this Commission on
3 the issue of extension of Certificate of
4 Suitability that assures the City of Gary
5 of the quickest operation and development
6 consistent, consistent with the
7 commitments that were made in the
8 Certificates of Suitability, and also
9 those agreements that have been made with
10 the city.

11 As we see it right now, the status
12 is this: The Trump organization has been
13 engaged in around the clock negotiations
14 to conclude a deal with Lehigh. My team
15 has been in communication with them as
16 late as last night. I'm sure probably
17 11:00 or 12:00 o'clock at night.

18 The Trump organization, as they
19 have indicated, has put money in escrow
20 for the full payment on the land, and
21 they also have delivered to the City of
22 Gary, dollars, some two hundred I believe
23 and five thousand dollars, which was to

1 be used as part of the expenses, if you
2 will, prelicensing expenses.

3 We believe that the Trump
4 organization has certainly been in
5 extensive contact with us. I have had
6 numerous conversations with Mr. Trump,
7 and my team has had many discussions with
8 others. We believe that they have been
9 acting in good faith. We think the city
10 is assured of their ability, their
11 commitment and their focus on the Gary
12 project.

13 Further essential assurances of
14 course will be included in provisions of
15 the lease back to the Trump organization,
16 which is one of the specific requirements
17 of the memorandum, the binding Memorandum
18 of Understanding, which we entered into
19 with them. And on that basis of course
20 we support the extension which they
21 requested.

22 As to Barden President, I have
23 learned much this morning about some of

1 the very difficult details that obviously
2 they have had to struggle through, and we
3 certainly been aware that there have been
4 some problems in their collaborative
5 effort. Most of what we have learned has
6 been through reports from the Securities
7 Exchange Commission, which has indicated
8 of course that there were some
9 difficulties President was having in
10 terms of financing, and that its focus
11 indeed would not be toward necessarily a
12 commitment to the Gary project.

13 We have asked Barden President,
14 communications that have been sent to
15 them, to give us the same assurances that
16 have been given by the Trump
17 organization. Mr. Barden has just
18 indicated that he's prepared to make a
19 payment to the city of somewhere in the
20 area of \$200,000, \$195,000, and that is
21 one of those provisions.

22 The other provision that we set
23 forth in writing to them, in order that

1 we can assure that in fact the deal can
2 move ahead, is that there is in fact
3 dollars placed for escrow for
4 contribution to the land purchase.

5 And further, that a binding
6 Memorandum of Understanding similar in
7 those terms that was entered into with
8 the Trump organization, would also be
9 entered into with Barden.

10 And certainly based on us not
11 having those right now, I'm not in a
12 position at this point to endorse their
13 request, but certainly those would be the
14 terms under which we would consider
15 that.

16 Any questions, Mr. Chairman,
17 members of the Commission, I would be
18 happy to try to respond to them.

19 CHAIRMAN KLINEMAN: Any questions
20 of the Mayor?

21 EXECUTIVE DIRECTOR THAR: Just one.

22 Mayor Barnes, is the city prepared
23 to execute the dismissal so that the land

1 can be closed today?

2 MAYOR BARNES: Yes. I have
3 indicated to the Trump team that one of
4 the very specific provisions of the
5 Memorandum of Understanding of course is
6 that we have the deed for the property.
7 That of course has been the position of
8 this administration; also the position
9 that was passed on by the city council.

10 We are going to meet shortly after
11 this session here to determine how we can
12 satisfactorily meet that very important
13 obligation. It's not only a provision of
14 the Memorandum of Understanding, but it's
15 one that I consider important, the city
16 council in its public hearings that it
17 had on this matter when it approved the
18 Memorandum of Understanding, that we
19 entered in with Trump, saw that as an
20 extremely important provision, and I'm
21 hoping that we can in fact resolve that
22 issue very shortly.

23 EXECUTIVE DIRECTOR THAR: I

1 understand that. It was a part of the
2 proceedings on December 9th that both of
3 the developers indicated that the land,
4 regardless of how acquired, would be
5 deeded over to the city. It strikes me
6 though as somewhat impossible for them to
7 deed something over to you when they
8 haven't been able to close on to get
9 title.

10 So again, I would urge that the
11 city execute that dismissal, because if
12 they can't file that permit this
13 afternoon, it's my understanding that
14 they go by quarters, they are going to
15 miss this quarter, and that sets you back
16 on your time lines.

17 MAYOR BARNES: Mr. Thar, we have
18 been set back on times for probably
19 almost two years now, and we're aware
20 that there are all kinds of problems that
21 can come up, but let me just refer again
22 to you, that on May the 27th we entered
23 into a Memorandum of Understanding, a

1 binding Memorandum of Understanding. One
2 of the important provisions that was
3 negotiated in that Memorandum of
4 Understanding was that there would be a
5 simultaneous conveying of the property to
6 the city with the dismissal. So
7 therefore we have to resolve that issue.

8 EXECUTIVE DIRECTOR THAR: I would
9 suggest that you not get hung up on form
10 over substance.

11 MAYOR BARNES: Mr. Thar, I can
12 understand the position of yourself, or
13 perhaps even the Commission members, that
14 may be the case, but again, this is a
15 Memorandum of Understanding that was
16 passed on by the city council; approved
17 by myself; approved by Mr. Trump, and
18 certainly it's one that we expect in this
19 provision will be lived up to.

20 CHAIRMAN KLINEMAN: Mayor, can I
21 interject here a minute? We really are
22 kind of running around in a little circle
23 here.

1 Is the Stipulation of Dismissal
2 present in this room at this time? The
3 document itself.

4 MAYOR BARNES: I'm not sure if we
5 have it or not, but that's not a great
6 difficulty; it's dealing with the
7 provisions.

8 CHAIRMAN KLINEMAN: I would almost
9 like to see it handed over. There is
10 money in escrow. The money can't slide
11 out of escrow, and the property can't
12 close until that stipulation is delivered
13 to the Trump organization. So I would
14 request that you find out if you have it
15 here, and maybe you can just hand it
16 over.

17 As you say, you have a binding
18 agreement that the property will be
19 conveyed to the city.

20 MAYOR BARNES: That's correct.

21 CHAIRMAN KLINEMAN: I give you the
22 assurance of this Commission that we
23 understand that that was part of the

1 deal, and if that doesn't happen, it may
2 not happen in 30 seconds after you hand
3 over the stipulation, but if it does not
4 happen in a reasonable length of time, if
5 you will come back to this Commission, I
6 think we have the wherewithal to make
7 sure that you do get title to the
8 property. It will be done. I give you
9 the assurance personally that we will
10 bring the matter before this Commission
11 and take appropriate action.

12 But we want to bust loose. We sit
13 here at five minutes of 10:00; we're told
14 if this thing doesn't happen by noon
15 today we are set back a long way.

16 So if you could find out if the
17 dismissal papers are physically in this
18 room, let's get them signed and
19 delivered.

20 MAYOR BARNES: Well, Mr.
21 Commissioner, Mr. Chairman, the position
22 that I would take is this: First of all
23 I will certainly confer with the council

1 member who is present here, and if we in
2 fact can get the commitment on record of
3 this Commission, that within a time
4 certain that they will guarantee that the
5 deed-over to the city will be made, then
6 certainly that's something that I would
7 support.

8 CHAIRMAN KLINEMAN: We will
9 guarantee that we will take up that
10 matter if it is not promptly resolved. I
11 can't guarantee you what will happen, but
12 I will guarantee you we'll take it up.

13 MAYOR BARNES: Well, again, what we
14 have, the guarantee that we have at this
15 point is that we have a condemnation
16 action that is still on file, and it's
17 being asked that we dismiss it with
18 prejudice, and obviously once we dismiss
19 that with prejudice, we have absolutely
20 no leverage to assure that the terms in
21 the agreement will be met.

22 CHAIRMAN KLINEMAN: You keep
23 referring to the binding agreement you

1 have with the Trump people. It's either
2 binding or it's not. If you believe it's
3 binding, then I think you would feel
4 comfortable enough to hand over the
5 stipulation. I mean, that's elementary.

6 MAYOR BARNES: Mr. Chairman, the
7 binding agreement provides, that in the
8 lease back we will of course enter those
9 development terms for development
10 commitments, and certainly that's the
11 reason that we put those terms in the
12 MOU. That's the reason of course we have
13 made it simultaneous with the deed over
14 to us that we would enter the dismissal.

15 But as I said, rather than just go
16 around in circles as you have suggested,
17 I certainly will meet with counsel and
18 talk with my team and determine what we
19 would see as satisfactory in that
20 regard.

21 MS. BOCHNOWSKI: Can you close on
22 the property without this?

23 MR. RIBIS: I don't want to-- Mayor

1 Barnes and I have worked hard on this.

2 We're prepared--

3 CHAIRMAN KLINEMAN: Would you
4 identify yourself?

5 MR. RIBIS: Nick Ribis, Chief
6 Executive Officer, Trump Indiana.

7 The agreement says that when we are
8 prepared to close we would receive their
9 dismissal. We are prepared, have always
10 been prepared to put the deed in escrow.
11 There is no fast and loose here,
12 everything is in the agreement, but we
13 can't close without the Stipulation of
14 Dismissal. It's a condition preceding.

15 And we do have a time line here
16 with the application, where we'll lose
17 another quarter and we're talking about
18 time and money and effort. And I think
19 the city, if we could sit and talk to the
20 city for two minutes, maybe we can come
21 back and-- (pause).

22 MR. SUNDWICK: It seems to me, I
23 mean, I have watched you sit over there

1 and nod your head, and Mr. Mayor, you
2 can't see them nod their head, it seems
3 to me you could walk out of the room and
4 come right back and get this thing
5 accomplished in two minutes. Doesn't
6 seem like a big deal.

7 MR. RIBIS: It's not. We want to
8 get a closure today, and that's what we
9 should do.

10 CHAIRMAN KLINEMAN: I think the
11 Mayor has gotten the word.

12 MAYOR BARNES: Well, we have got
13 the word, and what we want is to leave
14 here with assurances that many of the
15 words, if you will, we have gotten in the
16 past, have not been able to, for whatever
17 the reasons are, to follow through on
18 them, and so I'm certainly happy to meet
19 with Mr. Ribis.

20 CHAIRMAN KLINEMAN: Why don't you
21 check with your people, and we will
22 postpone this matter for about a half
23 hour and we'll then revisit it and see

1 how you all have come out. That will
2 give you till 10:30 I guess, according to
3 my watch. So we'll recess the question--
4 excuse me. Go ahead.

5 MR. SUNDWICK: I just want to say,
6 and I agree with you, Alan, I think you
7 ought to just leave the room and we'll
8 give you a hand when you leave, and give
9 you a hand when you come back and see if
10 it works.

11 ... Laughter.

12 CHAIRMAN KLINEMAN: I would suggest
13 that a Stipulation of Dismissal is not a
14 difficult document. People write them on
15 yellow pads and sign them. I have
16 written agreements on yellow pads.

17 But what we are going to do then is
18 recess this matter until 10:30. However,
19 after about a five minute recess we will
20 take up a few other matters maybe about
21 10:00. We will be back here about 10
22 minutes after 10:00.

23 Thank you, Mayor, for coming down.

1 (AT 10:00 A.M., THERE WAS A BRIEF
2 RECESS TAKEN, AFTER WHICH THE FOLLOWING
3 PROCEEDINGS WERE HAD, COMMENCING AT 10:15
4 A.M.)

5 CHAIRMAN KLINEMAN: I think we at
6 this time will take up the matter of the
7 consideration of renewal of the
8 Certificate of Suitability for Aztar
9 Indiana Gaming Corporation, which of
10 course the Certificate of Suitability was
11 issued in connection with the Evansville,
12 Indiana project, and I guess Mr. Boyd, if
13 you would identify yourself for the
14 record, you may address the Commission.

15 MR. BOYD: Thank you, Mr. Chairman.
16 I'm Jay Boyd, legal counsel for Aztar
17 Indiana Gaming Corporation.

18 As the Chairman referred, on
19 February 10, 1995, this Commission issued
20 a Certificate of Suitability to Aztar to
21 operate a riverboat gaming complex in
22 Evansville, Indiana. By its terms, that
23 certificate is renewable upon application

1 to the Commission through the Executive
2 Director. Aztar has requested the
3 certificate to be renewed for an
4 additional 180 days by letter to the
5 Commission on June 23, 1995.

6 At this time I would like to
7 introduce to the Commission, Jim Brown,
8 who is the Vice President and General
9 Manager of Aztar, who's really in charge
10 of operations in Evansville, who will
11 review, take a few minutes to review for
12 you the progress of our development in
13 Evansville, Indiana. He would be
14 prepared to answer any questions that any
15 of the members of the Commission and
16 Staff may have with respect to the
17 development of the facility.

18 At this time, Jim Brown.

19 MR. BROWN: Good morning, Mr.
20 Chairman and members of the Commission.
21 I'm Jim Brown and I'm Vice President and
22 General Manager of Aztar's Casino Aztar
23 development in Evansville.

1 I have been employed by Aztar since
2 1986, and most recently was in the
3 position of Vice President of Operations
4 for our Ramada Express Hotel and Casino
5 facility in Laughlin, Nevada.

6 Additionally I am a graduate of
7 Indiana University School of Business.

8 At this time I would like to report
9 on Aztar's progress in the development of
10 our hotel and riverboat complex in
11 Evansville. Our "City of Evansville"
12 riverboat was successfully launched from
13 the boat works of Jeffboat, Incorporated
14 in Jeffersonville, Indiana on March 12,
15 1995. Scheduled completion date for the
16 vessel is August 31, with September
17 dedicated to the installation of
18 owner-furnished equipment, including all
19 gaming equipment.

20 Additionally, we currently have a
21 Chief Engineer and First Mate on site at
22 Jeffboat to oversee the successful
23 completion of the vessel. On June 14, we

1 received written authorization from the
2 Office of the Kentucky Attorney General
3 to navigate our boat through Kentucky
4 waters in its journey from Jeffersonville
5 to Evansville so long as the installed
6 gaming equipment is not functional.

7 Key hires to date include Directors
8 of Marketing, Finance, Marine Services,
9 Non-Gaming Operations, Table Games and
10 Slot Operations. We expect to announce
11 appointments in the areas of Human
12 Resources and Security within the next
13 two to three weeks. An Assistant
14 Construction Project Manager is on site
15 in Evansville, with the Construction
16 Project Manager scheduled to start on
17 August 1st.

18 Additionally, Casino Aztar has
19 named a Purchasing Manager, and we are in
20 the process of formulating a Minority
21 Business Purchasing Plan. We are
22 currently members of the Tri-State
23 Minority Supplier Development Council,

1 and will be conducting our first Casino
2 Aztar Minority Trade Fair in August. We
3 will be assisted in this undertaking by
4 Charlotte Leavell, Certification
5 Coordinator for Indiana Minority Business
6 Development.

7 A permanent office for Casino Aztar
8 of Evansville at 111 Main Street has also
9 been opened.

10 A formal lease for the use of
11 Riverfront Park has been entered into
12 with the City of Evansville, and judicial
13 and administrative challenges to the
14 conversion of Riverfront Park by an
15 adjacent landowner have been withdrawn.

16 The U.S. Army Corps. of Engineers
17 held a hearing on April 6th on the
18 application for a permit under Section
19 404 of the River and Harbors Act, with a
20 decision on that application expected
21 within a month.

22 Casino Aztar's Casino Dealer
23 Training Schools for prospective

1 employees are proceeding successfully,
2 with approximately 50 percent of our
3 students and graduates residing in
4 Evansville's Fourth and Sixth Wards, and
5 minority representation currently totals
6 20 percent.

7 Construction drawings for all
8 permanent facilities, including hotel,
9 pavilion, parking garage, events plaza
10 and park are in the final phase of
11 preparation.

12 Temporary facility drawings have
13 been finalized, and a 13,000 square foot
14 tent-like structure for all ticketing and
15 boarding needs is currently being
16 constructed by Anchor Industries of
17 Evansville.

18 Our relationship with the City of
19 Evansville Administration has been an
20 especially productive and a positive
21 experience. We appreciate their
22 cooperation and assistance in the
23 successful development to date of this

1 project.

2 Aztar has become actively involved
3 in and supporters of the Evansville
4 community. Our involvement has included
5 sponsorship of the Evansville Freedom
6 Festival Parade during "Thunder on the
7 Ohio," and title sponsorship of the
8 upcoming Downtown Evansville Riverfest.

9 Additionally, I have been elected
10 to serve on the Board of Center City, and
11 the Board of Deaconess Hospital.

12 Representatives of Aztar and the
13 City of Evansville have periodically met
14 via teleconference or in-person
15 conference with representatives of the
16 Commission to review progress of the
17 development of our project.

18 Aztar has complied with each
19 applicable condition in the Certificate
20 during the interim compliance period
21 prescribed in the Certificate.

22 Assuming timely issuance of the
23 permit by the Corps. of Engineers, based

1 upon the schedule we have been advised to
2 expect, the development and construction
3 timetable would indicate that operations
4 will commence in mid to late fall of this
5 year. Therefore, Aztar respectfully
6 requests that the Certificate be renewed
7 for an additional 180 day period.

8 Thank you. If you should have any
9 questions, we would be glad to answer
10 them at this time.

11 MR. VOWELS: I have a question in
12 reference to the DNR application, my
13 understanding was there was a Mr. Motley
14 from Warren County that made some
15 objections. Can you tell me what the
16 status of that is?

17 MR. BOYD: Yes, Mr. Vowels. There
18 have been objections and claims filed I
19 think by an organization called Save Our
20 Rivers. It's represented by Don Motley.
21 We have, on behalf of Aztar, appeared in
22 those proceedings. There is a prehearing
23 conference scheduled on July the 11th.

1 There is one matter seeking another
2 rehash of the conversion of Riverfront
3 Park by the National Park Service.
4 Somehow this has been brought before the
5 Department of Natural Resources.

6 In addition, there is a prehearing
7 conference set for July the 12th in
8 Evansville with respect to a petition
9 seeking to have a review of the floodway
10 variance permit the Department of Natural
11 Resources issued in May to Aztar. So we
12 have appeared and we will be contesting
13 each of the allegations in there. We do
14 not think those claims that have been
15 made are well founded.

16 MR. VOWELS: Are they well-timed?

17 MR. BOYD: There is a question on
18 timing. We have clear obvious questions
19 on timing jurisdiction with respect to
20 the contest and conversion of Riverfront
21 Park. In addition, there are questions
22 of timing concerning the floodway permit
23 issued that we are involved in, in

1 determining the notice date of certain
2 matters in order to come to a legal
3 conclusion on that.

4 MR. VOWELS: Does Save Our Rivers,
5 do they have house counsel in Evansville
6 or somewhere in Southern Indiana?

7 MR. BOYD: At this point it's
8 proceeding pro se by Mr. Motley.

9 MR. VOWELS: I don't have anything
10 further.

11 CHAIRMAN KLINEMAN: Mr. Thar?
12 Do any of the other Commission
13 members have any questions?

14 So your request would be for 180
15 days, which would bring you to February
16 9th, 1996. What is your timetable for
17 starting operations?

18 MR. BROWN: From all that we can
19 determine, we expect to hear from the
20 Corps. of Engineers on or about July
21 15th, and it will take us approximately
22 four months to fully develop the site and
23 be ready for operations. So based on

1 July 15th, we would expect sometime in
2 mid to late November to be in operation.

3 CHAIRMAN KLINEMAN: Well, this
4 Commission is very interested in getting
5 a boat operating. We have now been at
6 this since September of 1993, and that's
7 a question that I'm asked everytime I go
8 anyplace when people become aware of my
9 position, and they want to know when
10 there's going to be a boat. So at the
11 present time I guess we have a timetable
12 to answer that question for us.

13 MR. VOWELS: They tend to hold us
14 personally responsible.

15 MR. BROWN: Internally we are ready
16 to go and our general contractors have
17 tried to tighten up the schedule as much
18 as possible.

19 CHAIRMAN KLINEMAN: Well, one of
20 the things that most of the people do not
21 realize are the number of governmental
22 agencies which are involved in permitting
23 or otherwise being in a position to

1 control the flow of the commencement of
2 operations, and we understand that but
3 other people do not.

4 So, would it be the wishes of the
5 Commission that we entertain a motion to
6 extend the Certificate of Suitability for
7 Aztar Indiana Gaming Corporation for a
8 particular date?

9 MR. VOWELS: I will move that it
10 would be extended to February 9th or 10th
11 of 1996.

12 CHAIRMAN KLINEMAN: Okay.

13 DR. ROSS: Second.

14 CHAIRMAN KLINEMAN: You have heard
15 the motion; seconded by Dr. Ross.

16 Any discussion on this motion?

17 MR. SUNDWICK: Only that he went to
18 the Indiana School of Business.

19 ... Laughter.

20 MR. BROWN: I knew it would come in
21 handy.

22 CHAIRMAN KLINEMAN: Okay. Hearing
23 no further discussion, all those in favor

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say aye. Contrary.

Your Certificate is extended to
February 9th, 1996.

MR. BROWN: Thank you very much.

CHAIRMAN KLINEMAN: We're still a
little early to hear from the Gary
people, so we will take up a couple of
other items.

In anticipation of our session at
1:00 o'clock today, I think it would be
appropriate that this Commission would
consider a couple of preliminary but
important matters.

One would be we have received a
substantial amount of supplemental
material since last Thursday. We have
before us a list of supplemental material
that's been classified as to whom it was
submitted by or what it had to do with.
And I just wanted the record to show that
that material has been made available to
each of the Commissioners, to include in
their considerations of the matters which

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will come before us this afternoon. And I just wanted the record to show it; so indicate. I don't think it's necessary that we read this list that has been prepared, but I would ask that it be made a part of this record.

It's entitled Supplemental Material Received Since 6/19/95, and it's categorized by which of the applicants or which county or which city they applied for, and it will be made a part of this record, hearing no objections.

... The following written report was placed into the record as follows:

SUPPLEMENTAL INFORMATION RECEIVED SINCE 6/19/95

AMERISTAR CASINOS INC.

1. Letter from Cultural Resources Analysis Inc., consultant, regarding research done for the applicant.
2. Letter from Ameristar concerning a 100 mile non compete agreement.
3. Memo dated 6/21/95 to Jeff Terp listing research done in connection with the Ameristar project.
4. Endorsement letter from John Maxwell, a local partner and resident.
5. Endorsement from Paul Stegmiller.
6. Endorsement letter from the Aurora Inn.
7. Endorsement letter from Bruns-Gutzmiller.

* BOYD GAMING CORPORATION

1. Letter from Boyd with supplemental and clarifying information including site access and potential \$8M funding for a bypass.

EMPIRE CASINO AND RESORT

1. Endorsement letter from Hrezo Engineering.
2. Letter from Debbie Whitaker regarding option given to Empire on her property.
- * 3. Letter with agreement between Shilling Gaming and Kenny Group.
- * 4. Letter from Attorney Jan Keefer regarding problems with building in the floodway.
- * 5. Booklet from Empire with supplemental and clarifying information.

INDIANA GAMING COMPANY, LP

1. Letter from Sommer & Bernard clarifying interest of Rod Ratliff.
2. Letter from Barnes & Thornberg with supplemental and clarifying information. Also a video used in their presentation to the commission. (available)

LADY LUCK LAWRENCEBURG DEVELOPMENT CORP.

1. Endorsement from the Southeast Indiana Public Safety Committee.
- * 2. Letter with agreement between Lady Luck and Primadonna Resorts, Inc., for financing of the project.
3. Letter enclosing descriptive information and video about Primadonna Resorts, Inc. (enclosures available)

SES BOAT LP / BOOMTOWN BELLE II, LP

- * 1. Letter with supplemental and clarifying information including requested pro forma.

ALPHA RISING SUN

1. Letter dated 6/23/95 to Monte Denbo with commitment for \$2.5M for road improvements.
2. Letter dated 6/24/95 containing supplemental and clarifying information.
3. Letter dated 6/26/95 to Monte Denbo containing supplemental and clarifying information.
4. Letter from Baker & Daniels dated 6/27/95 concerning the George Baxter currency violation case.
5. Letter dated 6/27/95 with correction to a previous letter.

RISING SUN RIVERBOAT CASINO AND RESORT, LLC

1. Letter dated 6/26/95 with copy of a letter to Monte Denbo with supplemental and clarifying information including a \$2.5M commitment for road improvements.
2. Paul I. Cripe Co., letter concerning progress on regulatory issues.

PINNACLE GAMING DEVELOPMENT CORP.

No supplemental information.

SWITZERLAND COUNTY

1. Endorsement letter for a Switzerland County riverboat from members of the Madison, Indiana visitors council.
2. Endorsement letter for a Switzerland County riverboat from the local Council on Aging.
3. A signed petition against a riverboat in Switzerland County.

OHIO COUNTY

No supplemental information.

CITY OF LAWRENCEBURG

1. Letter dated 6/28/95 from Peat Marwick consultants concerning not granting a license to the SES / Boomtown applicant.
2. Letter from Seagrams dated 6/22/95 citing traffic problems and desire for an east side project.
3. Letter dated 6/26/95 from the Lawrenceburg City Council concerning the Mayor's letters.
4. Letter from Attorney William Singer concerning the availability of his clients land.
5. Letter delivered 6/29/95 from the City of Lawrenceburg re-endorsing the three candidates previously picked and objecting to the granting of a license to SES / Boomtown.

DEARBORN COUNTY

1. Letter dated 6/23/95 from the Dearborn County Chamber of Commerce saying they can work with any of the six applicants.
2. Letter received 6/6/95 from Betsy McKee enclosing several newspaper articles indicating problems with gambling.
3. Letters from Debbie Whitaker indicating her property is available.
4. Letter from Mr. and Mrs. Sedler indicating their property is available.

LETTERS FROM ELECTED OFFICIALS

1. Letter dated 6/27/95 from Sen. Johnny Nugent concerning traffic issues.
2. Letter dated 6/27/95 from Sen. Harold "Potch" H. Wheeler.
3. Letter dated 6/27/95 from Rep. Richard W. Mangus.

MISCELLANEOUS

1. Letter from the Indiana Zoo discussing representations made by the Oxbow group.
2. Memorandum dated 6/29/95 to Daniel Fogerty, Director, Historic Preservation and Archeology, DNR, regarding potential impact on historic resources in the southeast counties.
3. Letter dated 6/28/95, from the Historic Lawrenceburg Business Association.

1 CHAIRMAN KLINEMAN: The next matter
2 would be the question of how many
3 licenses we are going to consider
4 granting our Certificate of Suitability
5 in the southeastern corner of Indiana.
6 In this respect of course we have to
7 remember that this Commission is by
8 statute authorized to grant a maximum of
9 five licenses on the Ohio River. We have
10 heretofore granted one in the Evansville
11 area as you just heard, so that leaves us
12 four licenses. There have been, I don't
13 know how many counties, but several
14 counties on the Ohio River, seven? I'm
15 told there are seven counties on the Ohio
16 River who have by referendum approved the
17 docking of a riverboat in their
18 jurisdiction.

19 I guess all of us have heard and
20 understand that the southeastern corner
21 of Indiana is a very substantial market,
22 whether you draw the circles at 50 miles
23 or seventy-five or hundred or a hundred

1 fifty or two fifty, there are a lot of
2 people that live within those circles,
3 and based upon the best estimates of most
4 of the people in the industry, this is a
5 very, very substantial market.

6 Under those circumstances, I guess
7 I would indicate to the Commission that
8 it would be my thinking that we should in
9 consideration this afternoon of the three
10 counties involved in this out east, to
11 wit: Switzerland, Ohio and Dearborn
12 Counties, that we grant the two
13 Certificates of Suitability this
14 afternoon to be placed in those three
15 counties.

16 So, is there any other further
17 discussion that we have concerning this
18 matter? If not, I would entertain a
19 motion to indicate-- I guess the motion
20 would be, move to approve the granting of
21 two licenses, or two Certificates of
22 Suitability within the confines of
23 Switzerland, Ohio and Dearborn County,

1 and we will consider then the specific
2 applicants this afternoon.

3 Somebody like to make that motion?

4 MR. MILCAREK: I so move.

5 MR. SUNDWICK: I will second it.

6 CHAIRMAN KLINEMAN: It's been moved
7 and seconded. Any further discussion
8 concerning this matter?

9 Hearing none, all those in favor of
10 the motion say aye. Contrary. The
11 resolution is adopted.

12 I guess that takes care of some of
13 the matters.

14 Mr. Tabbert, we're about ready for
15 the continuation on the Gary matter.

16 MR. TABBERT: Mr. Chairman, I just
17 been present during the last 20 or 25
18 minutes, and it's remarkable. I can't
19 come in here now and tell you that there
20 is an agreement. There were
21 approximately 15 people in the room. We
22 don't have it by 10:30. I don't know why
23 we don't have it, but we don't. That's

1 the best I can tell you. And we have
2 been told to get out of the room because
3 somebody else had the room, so we have to
4 find another room too.

5 CHAIRMAN KLINEMAN: That's what
6 happens if you don't pay the rent.

7 ... Laughter.

8 MR. TABBERT: I have explained to
9 everybody in the room that there is a
10 10:30 deadline, and that doesn't seem to
11 move anybody.

12 MR. VOWELS: Is it possible that
13 you can close without this condemnation
14 proceeding happening there?

15 MR. TABBERT: No. The deed is done
16 and signed. It was done last night. The
17 condemnation dismissal was signed last
18 night. It's in existence. They were
19 there last night at 10:00 o'clock.

20 MR. VOWELS: You got the deed from
21 Lehigh?

22 MR. TABBERT: We're ready to go,
23 but there are other things that we have

1 not worked out apparently. I'm sorry.

2 MS. BOCHNOWSKI: Is there going to
3 be problem? I'm worried about that once
4 you give the deed to the city, this is
5 going to be a big problem, that you are
6 not going to be able to proceed?

7 MR. TABBERT: I don't think so. I
8 have no indication that that's true. I
9 perceive that there is some kind of
10 reluctance to actually finalize
11 everything, to let go of a situation. I
12 sat and heard it all, and no, I don't see
13 any problem. I think it could be done
14 right now and everybody would be happy.

15 EXECUTIVE DIRECTOR THAR: Is the
16 lease ready to be executed from the city
17 leasing the land back to Trump Barden?

18 MR. TABBERT: As you know, it isn't
19 just Lehigh in the lease, there were
20 three or four entities, and so that's one
21 thing that they have been discussing. I
22 had not been aware of that, but there is
23 an attempt made right now to see if they

1 can put another paragraph in that
2 document that I think would satisfy Gary,
3 another 30 days, that would give them the
4 assurance that they would want. If that
5 can happen, then I think we're okay.

6 Mr. Chairman, you might want to
7 consider another 10 or 15 minutes or, I
8 don't know.

9 I do not think there is anything of
10 substance that would affect the Gary
11 situation at all. I think if they can
12 just get a couple minor things done
13 everybody will sign and we'll be happy.

14 MS. BOCHNOWSKI: You feel that once
15 you get this lease, that you are pretty
16 much free and clear to do whatever you
17 want to do?

18 MR. TABBERT: Oh, I think so. We
19 don't detect anything that would prevent
20 certainly the Trump people from going
21 ahead full speed, and we are. I can't
22 speak for the Barden situation.

23 MR. SUNDWICK: Can you share with

1 us the reason that you believe there is a
2 reluctance?

3 MR. TABBERT: Yes, I think I can,
4 although Mr. Ribis and some of the
5 attorneys who were there could probably
6 do a better job, I think.

7 The question has been asked whether
8 we can detail specifically what the
9 problem is that prevents us from-- can we
10 do that, Mr. Ribis?

11 MR. RIBIS: What was the question?

12 MR. TABBERT: Can we detail what
13 the specific problem is of not being able
14 to exchange the documents right now?

15 MR. RIBIS: I think the city should
16 come back in the room. In all fairness,
17 I don't think the city has any intent of
18 doing what they said they would do. The
19 document was mischaracterized to this
20 Commission. You can read it.

21 The city agreed that when we were
22 ready to close the land, and we funded
23 the money, that they would give us a

1 Stipulation of Dismissal. That's all. I
2 guess that's changed.

3 CHAIRMAN KLINEMAN: If we are going
4 to really have argument--

5 MR. RIBIS: I was just responding.

6 CHAIRMAN KLINEMAN: -- we should
7 have the city present, and I don't see
8 that they have returned to the room yet.

9 MR. TABBERT: I told them about the
10 deadline. I repeat, everybody is being
11 kicked out of the room, so they are going
12 to have to come back pretty quickly.

13 CHAIRMAN KLINEMAN: Well, what is
14 the pleasure of the Commission? We have
15 about run out of items for this morning.

16 Well, maybe the Commission will go
17 get a cup of coffee and we will come back
18 at 11:00 o'clock, but that's going to be
19 the final deadline.

20 Would you please inform the parties
21 that it would be in everybody's best
22 interest to conclude this immediately.

23 (AT 10:35 A.M., THERE WAS A RECESS

1 TAKEN, RECONVENING AT 11:10 A.M., AFTER
2 WHICH THE FOLLOWING PROCEEDINGS WERE
3 HAD:)

4 CHAIRMAN KLINEMAN: I think we're
5 about ready to reconvene.

6 I see that the Mayor has come back
7 into the room, and I guess we're probably
8 in a position to hear a report on whether
9 or not we have obtained the necessary
10 stipulation for dismissal of the
11 condemnation case.

12 Mayor, I want to thank you for
13 taking this opportunity to try to work
14 something out, because it's in the best
15 interest of the citizens of Gary, as you
16 know, to get this thing on down the road,
17 and that's all we're trying to do.

18 MAYOR BARNES: Thank you very much,
19 and I hate to disappoint you, but at this
20 point we have not quite frankly worked it
21 out. The time in which we have attempted
22 to do this, there are too many issues
23 that have not been resolved, and we

1 originally began with our agreement, was
2 that we would have a lease agreement
3 worked out by June the 20th, and in good
4 faith we have worked it out; I'm sure
5 that circumstances have not allowed that
6 to be done are not necessarily ones we
7 would lay at the foot of anyone, but the
8 reality that it has not been, and the
9 reality is that we are being asked to
10 dismiss with prejudice. The only
11 sufficient assurance that we have, and
12 that at some later date the property
13 which is supposed to be according to the
14 agreement transferred to us
15 simultaneously will be done.

16 We have talked about some mechanism
17 which that can be done, but the short
18 period of time we have quite frankly does
19 not allow me in good conscience in
20 looking at the interest of the City of
21 Gary, and also in consultation with the
22 council member who is present and who was
23 part of the gaming commission, to make

1 that decision.

2 CHAIRMAN KLINEMAN: Well, Mayor, I
3 cannot express my disappointment enough.
4 I have practiced law for a good many
5 years, and as you have indicated, you had
6 a binding agreement that you're going to
7 get the property; there is no reason that
8 I can see, legal reason or otherwise, why
9 that dismissal can't come forward, and be
10 made available so the property can close,
11 so the permits can be taken.

12 The city has to not stand in the
13 way. It has to participate and be
14 forthcoming and not try to put itself in
15 a position where it, at least from my
16 standpoint, it looks like it's
17 obstructing progress.

18 MAYOR BARNES: Well, Mr. Chairman,
19 I regret that you feel that way. We have
20 a Memorandum of Understanding that was
21 executed on May the 27th, that sets out
22 the terms under which we are to pursue
23 this matter; it sets out the terms under

1 which we would dismiss this action.

2 What we are doing is pursuing the
3 terms of that agreement, which quite
4 frankly is all that we have to operate
5 from.

6 MS. BOCHNOWSKI: So in other words,
7 you are really holding this condemnation
8 suit over the heads of these people.

9 MAYOR BARNES: Yes.

10 MS. BOCHNOWSKI: It's almost like
11 blackmail, Mayor.

12 MAYOR BARNES: Well, I'm not sure,
13 Ms. Bochnowski, what you would call it,
14 but I do know this, that if we don't use
15 whatever leverage we have to protect the
16 interests of Gary, Indiana, I'm not sure
17 anyone else is going to protect it to the
18 extent that we are bound to.

19 MS. BOCHNOWSKI: I didn't mean that
20 in an offensive way.

21 MAYOR BARNES: That's quite all
22 right.

23 MS. BOCHNOWSKI: But what I'm

1 trying to say is, all of this, I mean,
2 when we granted these Certificates of
3 Suitability way back when, I was under
4 the understanding that we had some
5 agreement about what each company was
6 going to do for the City of Gary, and it
7 looks like this foundation is still in
8 place. I haven't seen anybody backing
9 off from what they have said they were
10 going to do for the City of Gary. I
11 don't understand why you can't go
12 forward.

13 MAYOR BARNES: Well, I regret that
14 you don't understand. I fully understand
15 the anxiousness of the Commission. I'm
16 sure there is no one more interested in
17 this matter moving forward than the City
18 of Gary. But for us to come in at this
19 moment, a very key provision that was set
20 out in our agreement, this agreement that
21 we entered into, that agreement provides,
22 among other things, that there would be a
23 simultaneous, with the acquiring of the

1 property, a transfer of that property to
2 the City of Gary, and a dismissal. Those
3 things are all to occur at the same
4 time. It gives adequate protection to
5 the developer; it gives adequate
6 protection to the City of Gary as well.

7 That agreement is what the city
8 council approved in resolution, debated
9 at public hearings on, and decided on.
10 I'm not in a position as a Mayor to
11 contravene that, and quite frankly I'm
12 not convinced that I would want to.

13 CHAIRMAN KLINEMAN: Mayor, I'm not
14 trying to jump on you, but this
15 Commission, even though we were held up
16 to a challenge to our authority for
17 several months, has always abided by the
18 legislative intent of Gary first. We
19 went to Gary first. We granted the
20 Certificate of Suitability first. We
21 thought that it was important to Gary,
22 the moving force behind this legislation,
23 and we thought it was important to try to

1 give Gary this advantage, which we
2 discussed before with you.

3 We are now in a position, where
4 when we finish today, we are going back
5 up north, and we're going to be in
6 Hammond and East Chicago, and you're not
7 going to be first, you may not even be
8 last. I mean, you're going to put
9 yourself in a position, and I know that
10 you chose not to run for re-election, but
11 I myself think that if this sort of
12 activity continues on the part of Gary,
13 and on the part of the current
14 administration, I think the legacy of
15 this administration is not going to be
16 the monument that we you and I hoped it
17 would be.

18 MAYOR BARNES: I appreciate that,
19 but I must confess that I obviously do
20 not accept your comments with valid and
21 certainly I will not say in an offensive
22 manner, but we have entered into an
23 agreement, and I cannot understand why

1 the Commission would take the position
2 that we should disregard the terms of a
3 binding agreement which we have entered
4 into, that protects the interests of the
5 citizens of Gary; protects also the
6 developers as well. I'm mystified as to
7 why this would present a problem with
8 this Commission.

9 CHAIRMAN KLINEMAN: The word
10 simultaneous may be the problem, okay?
11 The word simultaneous cannot--

12 MAYOR BARNES: Well, how do you
13 characterize it?

14 CHAIRMAN KLINEMAN: -- mean
15 simultaneous. It can't mean
16 simultaneous, okay? Because just by the
17 very nature of the world, things don't
18 happen just right simultaneously.

19 The dismissal, as you know, must be
20 made available, because Lehigh will not
21 deed the property until they know they
22 are done with the city.

23 MAYOR BARNES: Exactly.

1 CHAIRMAN KLINEMAN: Nobody can give
2 you a deed. The developers can't give
3 you a deed until they get the property
4 from Lehigh, so you can't have
5 simultaneous. You can have a list of
6 things that will happen in order, and
7 that's the way I read the agreement.

8 I read the agreement, it says
9 binding, if these people get title, they
10 are duty bound to convey it to the city,
11 and I've told you when we first started
12 down this road this morning an hour or so
13 ago, that this Commission would see that
14 that happened. That doesn't seem to cut
15 any weight with you.

16 MAYOR BARNES: What you said, Mr.
17 Chairman, was that you would take that
18 matter up, and your taking it up does not
19 give the city any guarantee if
20 negotiations fell through, that in fact
21 it would be acted on.

22 CHAIRMAN KLINEMAN: Well, we give
23 you a quick forum to bring this matter to

1 our attention, and my experience with the
2 developers both here and other places
3 whenever that happens, is that they tend
4 to listen to what this Commission says.

5 MAYOR BARNES: Well, I'm not sure
6 what the Commission would say, and if I
7 knew that, then certainly I would be much
8 more disposed, and I'm sure that the
9 council representative would be as well.

10 But at this point, quite frankly
11 from my consultations and from my own
12 phone calls and deliberations, the issue
13 that continues to hold us up is the fact
14 that our agreement provides for the
15 transferring of the property over to the
16 City of Gary; the deed back of the
17 property to the developer, and the
18 language that we use is language that
19 says simultaneous transfer, and we expect
20 that to be in the same transaction
21 basically.

22 MR. SUNDWICK: Is there nothing
23 that we can do today, in your opinion?

1 We have an extension that the Trump
2 organization and Mr. Barden are both
3 looking for today, for suitability
4 certificates that we don't have to
5 extend. Why is it that we can't say, and
6 maybe we can say that we won't extend
7 those certificates unless they agree to
8 turn this property over expeditiously,
9 and then, you know, we can say that, and
10 then you get what you want and with our
11 assurance that you are going to get--

12 MAYOR BARNES: Certainly if this
13 Commission took a position that the July
14 31st date, which is currently the date
15 that the certificates are supposed to
16 expire, that that date, in the event that
17 the deed over and what have you is not
18 made, then the certificates would not be
19 extended, that certainly would be
20 something that I would be prepared to
21 discuss with my team very, very quickly
22 and certainly suggest the possibility
23 that that might be agreeable.

1 DR. ROSS: Mr. Mayor, being working
2 in Gary, I'm really kind of embarrassed
3 in what is going on here, so I would like
4 to ask some questions--

5 MAYOR BARNES: I hope I'm not
6 embarrassing you, Mr. Commissioner.

7 DR. ROSS: -- to relieve me of this
8 embarrassment, because there must be some
9 reason behind what's being done. Because
10 what I see is that we have by month by
11 month withholding jobs from the City of
12 Gary; we have lost the impetus of being
13 the first boat in the water which was to
14 be of some pride, and I hear you say that
15 you only got one chip, and that is to
16 hold onto your suit.

17 So could you explain to me--

18 MAYOR BARNES: I'm not going to try
19 to explain it. If I have not explained
20 it already, Dr. Ross, to your
21 satisfaction then-- but let me just say
22 again what I said before. We have an
23 agreement that is signed by these parties

1 that indicate in order to protect the
2 city and protect the developers, that
3 there will be a simultaneous agreement
4 that we would sign over dismissing this
5 lawsuit with prejudice; that upon this
6 property being obtained, it would be
7 transferred over to the City of Gary and
8 leased back to the developers.

9 Now, there has been a suggestion of
10 a way that I certainly would be willing
11 to consider because it may lead to some
12 resolution, I don't know. I certainly
13 would undertake that, but I think some of
14 these characterizations that suggest that
15 the City of Gary, who is much more
16 concerned about the development than any
17 Commissioner or anyone else, or in this
18 entire audience that suggested in any way
19 that we would intentionally, and even to
20 the point of embarrassing you, you know,
21 that certainly is something that I would
22 take exception to. We are willing to do
23 whatever we can.

1 My team was up late at night
2 working, and trying to work with the
3 Trump organization on this matter. We
4 been doing that for weeks. I'm the one
5 that called and asked Mr. Trump to come
6 to Gary back a few weeks ago so that we
7 could meet again in order to work out
8 these agreements.

9 So, you know, I really think it's
10 unfortunate for you to be embarrassed.
11 I'm not embarrassed, and I hope that the
12 citizens of Gary are not embarrassed that
13 we attempt to represent their interests,
14 based on what we have and what we entered
15 into in terms of an agreement with these
16 developers.

17 Again, without continuing to go
18 through it where I'm debating this issue,
19 and I regret having to do that, but I
20 would not stand here and have this city
21 characterized as if all of the delays
22 that have occurred on this matter have
23 been a result of dilatory action or

1 incompetence or incapability or somehow
2 some unwillingness, if you will, to move
3 ahead on this matter. I can't accept
4 that, even from this Commission that I
5 hold in high esteem, and I certainly
6 appreciate all that you have done in the
7 past.

8 I'm willing to consider what you
9 talked about, Mr. Sundwick.

10 DR. ROSS: Can I finish my
11 question?

12 MAYOR BARNES: Well, you told me
13 your part before you even asked me that
14 hurt, offended me quite well.

15 DR. ROSS: Well, I don't feel bad
16 about an opinion--

17 MAYOR BARNES: I know you don't.

18 DR. ROSS: My question was: If you
19 lost the chip that you are holding, what
20 would you lose?

21 MS. BOCHNOWSKI: What do you need
22 protection from?

23 DR. ROSS: What do you need

1 protection from? It seems to me that you
2 and all--

3 MAYOR BARNES: Just one moment.
4 Just one moment.

5 DR. ROSS: Can I finish?

6 MAYOR BARNES: Are you suggesting
7 that something that we negotiated with in
8 good faith with these developers, that we
9 give it up because you don't understand
10 what the significance of this is?

11 DR. ROSS: I'm asking the
12 question. If I can understand the
13 question then I can understand why you
14 are doing this. Right now I don't know
15 that. The only thing I'm doing is
16 seeking information.

17 MAYOR BARNES: Mr. Commissioner,
18 have you read the agreement?

19 DR. ROSS: No, I have not.

20 MAYOR BARNES: Well, you need to
21 read it. I think it would be important
22 for you to do that.

23 CHAIRMAN KLINEMAN: Just a minute,

1 Mr. Mayor, I think Dr. Ross has a valid
2 point.

3 The idea that everything rises and
4 falls on your ability to hold onto this
5 lawsuit is really not correct. Because
6 you have all kinds of other agreements,
7 including the one that you say is
8 binding, on which you can take action if
9 you need to.

10 MAYOR BARNES: We don't want to
11 take action, Mr. Chairman, we want to get
12 a development going.

13 CHAIRMAN KLINEMAN: Right now you
14 are not moving forward as a result of the
15 word simultaneous. And the way you read
16 simultaneous would not be the way I would
17 read simultaneous. As I told you before,
18 from a physical standpoint it can't be
19 simultaneous. But that if you understand
20 that you must first deliver the
21 dismissal, that Lehigh can then deed the
22 property to the developers so the
23 developers can deed it to you, it can't

1 happen simultaneously. You have an
2 agreement that says that's what's going
3 to happen. That's all you can have.

4 And it's about time that some trust
5 get put into this situation in addition
6 to the language that you negotiate so
7 hard, it's about time-- as they say, a
8 contract is only good as the people who
9 sign it, and I think these developers
10 have indicated to you that they are very
11 interested in getting this project going,
12 and very interested in living up to their
13 agreements. They haven't indicated
14 anything to this Commission that would
15 indicate that they in any way have done
16 anything more than just try to move the
17 project.

18 And I'm not trying to be critical
19 of you. I think you are getting some bad
20 advice. I think some people are telling
21 you some things that just aren't
22 physically able to happen. There cannot
23 be a simultaneous transaction.

1 MAYOR BARNES: Well, let me just
2 share with you what I anticipated from
3 the negotiations that our attorneys did
4 with the attorneys for Trump
5 organization.

6 My understanding would be that once
7 a deed is prepared, that there would be a
8 simultaneous-- that another deed would be
9 prepared, deeding that property over to
10 the city, and that that deed would be
11 handed to the city at the same time we
12 handed them a dismissal. Now, that's my
13 understanding of the timing of how it
14 would be done.

15 CHAIRMAN KLINEMAN: We don't need
16 some advisors to tell you if I don't own
17 anything, I can't deed it to you. And if
18 the developers don't get the dismissal,
19 they can't get the property from Lehigh,
20 and therefore they can't give it to you.
21 So they can't hand you a deed.

22 MAYOR BARNES: I'm sure that the
23 owners understand as well what our

1 expectation is. I'm sure they have seen
2 the agreement just as the developers
3 have.

4 CHAIRMAN KLINEMAN: But they can't
5 dismiss, they can't go forward with the
6 dismissal hanging over there.

7 MAYOR BARNES: Well, Mr. Chairman,
8 and Commissioners, if there is a proposal
9 being suggested that has some
10 appreciation for the City of Gary, we are
11 certainly willing to take that into
12 account and try to see if we can resolve
13 this matter. But based on what I have
14 heard thus far, you have not indicated
15 anything that would suggest that.

16 MR. SUNDWICK: I would only point
17 out that if we miss this date, apparently
18 everybody in the excitement, is that the
19 city, the developers and citizens of Gary
20 have another quarter to wait to resolve
21 this, and I think that if everybody is
22 willing to give you those assurances, and
23 we have some folks in front of us that

1 can say, that in fact give those
2 assurances; if they don't execute those
3 assurances within the time frame, whether
4 it's the 31st or the 1st, you are looking
5 for assurances; not anything else--

6 MAYOR BARNES: Absolutely.

7 MR. SUNDWICK: Then we won't allow
8 them to go on. We won't give them that
9 answer. It seems to me-- I see them
10 shaking their head yes. Again, it seems
11 to me you would go along with that. I
12 mean, you want the extensions. I am
13 suggesting the fact that if they want the
14 extensions and they're willing to lease
15 the property over, the simultaneous goes
16 away. Because what's held over their
17 head is the fact that we won't extend
18 these agreements. It's contingent on the
19 agreements. Maybe they're going to have
20 to go down-- I don't know if it takes a
21 week or a week and a half, two weeks,
22 maybe four weeks. I don't think you're
23 worried about simultaneously, I think you

1 want some assurances. Go ahead.

2 MR. RIBIS: I think in all
3 fairness--

4 EXECUTIVE DIRECTOR THAR: Wait a
5 second. I'm going to interrupt you,
6 because I think a little bit of
7 background is appropriate at this point
8 in time to alleviate some of the fears
9 the Mayor has expressed with regard to
10 this Commission.

11 At the time the Certificate of
12 Suitability awardees were named December
13 9th, in the question and answer session
14 preceding that awarding, it was agreed,
15 and the Commission agreed, that the land,
16 regardless of how acquired, would be
17 turned over to the City of Gary and
18 become the property of the City of Gary.
19 In the Certificate of Suitability has
20 been a condition that always, that once
21 that land was acquired, that it would be
22 turned over to the City of Gary.

23 The extension of the Certificate of

1 Suitability today, which is the issue
2 before this Commission, contains those
3 same covenants. The point of the matter
4 very simply being, that the developers
5 get that property either through deed
6 from Lehigh because they negotiated for
7 sale, or deed from Gary, or lease from
8 Gary because they have got the
9 condemnation. If Gary does not own that
10 property, those Certificates of
11 Suitability are subject to revocation.
12 There is no need to say they have to
13 insert that. That protection has always
14 been there.

15 MAYOR BARNES: Well, I would like,
16 certainly, Mr. Executive Director, if the
17 suggestion is that these Certificates of
18 Suitability which exist now that last
19 until July the 31st, that in the event
20 that the terms of the transfer of the
21 property to the city and the lease back
22 are not completed by then, then of course
23 the Certificates of Suitability would not

1 be extended beyond that point.

2 EXECUTIVE DIRECTOR THAR: I don't
3 think the Commission would want to
4 function in that fashion for this
5 reason: Number one, it's a practical one
6 in that this Commission will probably not
7 meet in July.

8 The second one is a little more
9 this way: Those Certificates are more
10 conditioned on the fact that once they
11 get title, they have to turn it over to
12 you. In the event they don't, this
13 Commission will meet and discuss revoking
14 that Certificate of Suitability.

15 There have been so many time delays
16 that it becomes almost impossible to
17 build in a time thing based upon certain
18 things happening. So it's a matter of
19 whether or not this Commission chooses
20 today to extend it, and if so, for how
21 long. And then if that condition
22 happens, that they get title and they
23 refuse to turn it over, this Commission

1 would then act to revoke, because that's
2 already been a condition of the
3 Certificate of Suitability.

4 I would just add that to say where
5 we have been with regard to the
6 Certificate and this issue since December
7 9th of 1994.

8 CHAIRMAN KLINEMAN: I really do
9 appreciate that, Mr. Thar, because
10 truthfully I didn't think that the
11 Commission had focused on that aspect,
12 and maybe the Mayor hadn't either, or his
13 advisors, that the original conditioning
14 of that--

15 MAYOR BARNES: We are fully aware
16 that the terms of the Certificate of
17 Suitability include that provision.

18 CHAIRMAN KLINEMAN: So you know
19 that's almost an automatic.

20 MAYOR BARNES: Well, again, the
21 provisions that we suggested that was
22 raised just a moment ago, if in fact we
23 have a point where in fact the

1 Certificate of Suitability would not
2 extend beyond, if in fact that deed over
3 has not been done--

4 CHAIRMAN KLINEMAN: Let me just ask
5 this question: If you get title to the
6 property and lease it back to the
7 developers, the developers then have a
8 full right to file for all permits and to
9 utilize the property to build what they
10 need to build and so forth without any
11 reference to the city; I mean, they will
12 have the full control of the property;
13 will they not?

14 MAYOR BARNES: Certainly.

15 CHAIRMAN KLINEMAN: And full
16 control over whatever they lease.

17 MAYOR BARNES: Yes, they would.

18 CHAIRMAN KLINEMAN: Well, we're
19 then again back to a time problem. And I
20 hate to send you out to talk to your
21 advisors again, because you told me a few
22 minutes ago it would probably be
23 useless. Is that still your thought, or

1 would you like to talk to your people?

2 MAYOR BARNES: Well, again, I have
3 heard some comments that suggest an
4 understanding that the city is not going
5 to leave here and deed over property, or
6 rather a dismissal without having
7 assurances that we feel are adequate.
8 Certainly if there's some means that that
9 can be done, the suggestion was made
10 that-- but what I'm hearing is that
11 that's being pulled back by the
12 Commissioners; that there could be a set
13 time of which the Certificate of
14 Suitability would last, and if in fact
15 the deed over was not done within that
16 period of time--

17 CHAIRMAN KLINEMAN: Mayor, if you
18 would allow this thing to go forward, we
19 will continue-- we will extend the
20 Certificate probably past July 31st.
21 We're not probably going to be back
22 together again to take this matter up.
23 But, if in the event that something--

1 that you don't receive the deed within a
2 reasonable period of time, if you would
3 bring that to the attention of this
4 Commission which will be meeting in
5 September or so, we will then be in a
6 position to reconsider the extension. I
7 mean, we at anytime could reconsider the
8 extension and we will take it back up if
9 there is a problem. And I am not trying
10 to play time games with you, but this
11 Commission has worked very hard, as you
12 probably may have read, for the last few
13 weeks, and it's about time we took a
14 break, and so we intend to take a break.

15 MAYOR BARNES: Well, we certainly
16 would feel that if the Commission--
17 again, this is something that I would be
18 prepared to take back to the council;
19 representative of the gaming committee,
20 as well as others, that if in fact we
21 extended the Certificates for a set
22 period of time, such as September the
23 1st, and that would give us time to do

1 the agreements, to get the council to
2 pass on the lease and everything else,
3 and certainly it would be sufficient time
4 for the property then deeded to the
5 city. If that happens, if it has not
6 happened by September the 1st, then the
7 Commission-- their Certificate of
8 Suitability would expire at that time.

9 CHAIRMAN KLINEMAN: Or we could
10 take it back up. Are you telling me that
11 if we did something along those lines,
12 you would right now deliver the--

13 MAYOR BARNES: I would certainly
14 discuss that with the council
15 representatives here.

16 CHAIRMAN KLINEMAN: I'm going to
17 ask, in order to really resolve this
18 thing quickly, I'm going to ask some of
19 the people who are seated in the front
20 rows maybe to move or leave or something,
21 and I want to sit Gary down here, and the
22 developers over here, and see if we can't
23 work this thing out right here and now,

1 because we are so close, and it makes no
2 sense to go home without getting it
3 worked out. This Commission will sit
4 here while you work it out; okay?

5 So if you will get your advisors
6 and so forth, we will stand in--

7 EXECUTIVE DIRECTOR THAR: State of
8 suspended animation.

9 ... Laughter and applause.

10 CHAIRMAN KLINEMAN: Everybody get
11 out their latest draft of what was being
12 talked about in the hall and out in the
13 room, and maybe we can find out where we
14 are.

15 (AT 11:35 A.M., THERE WAS A RECESS
16 TAKEN, RECONVENING AT 11:50 A.M., AFTER
17 WHICH THE FOLLOWING PROCEEDINGS WERE
18 HAD:)

19 CHAIRMAN KLINEMAN: I think we will
20 come back to order.

21 Would you give us the gist of where
22 you are?

23 MAYOR BARNES: What we have agreed

1 to ask to the Trump organization is an
2 extension to, that we would agree to, if
3 the Commission extended, to September 1st
4 a Certificate of Suitability; that there
5 would be-- that the deed would be put in
6 escrow based on an escrow agreement that
7 we have already essentially outlined, and
8 an escrow agreement that also provides
9 for arbitration in the event that we are
10 unable to reach conclusion.

11 I think the thing that's most
12 significant in terms of what we are
13 saying, is that they would have to come
14 back, or come back here September the 1st
15 in order to get a further extension. And
16 if in fact the deed over and the lease
17 and everything has been done, which we
18 would fully expect it would be,
19 particularly with the terms of
20 arbitration, then we would not see a
21 problem in that regard.

22 In the event that has not happened,
23 then of course it would be the decision

1 of this Commission as to whether you
2 would extend it beyond September the 1st,
3 but we would oppose it probably at that
4 time if in fact that was not done.

5 MR. TABBERT: And you would in fact
6 submit then today now the Stipulation for
7 Dismissal?

8 MAYOR BARNES: In the event that
9 those conditions are agreed to, then
10 certainly those would be the conditions.

11 CHAIRMAN KLINEMAN: Is that yes, we
12 will get the dismissal today?

13 MR. TABBERT: We were-- I want to
14 express it very carefully. We were in
15 fact hoping for an extension to December
16 1st, but with a commitment that we come
17 back September 1st, on order of this
18 Commission that we return on September 1,
19 there is also a problem, Mr. Chairman of
20 the extension of the Corps. permit. The
21 application has to go in today. If it
22 doesn't, we get delayed 90 days on the
23 Corps. permit.

1 CHAIRMAN KLINEMAN: I think we have
2 heard that.

3 MR. TABBERT: Talking out loud, if
4 it were extended to December 1st with an
5 order of this Commission that we come
6 back, mandatory that we come back on
7 September 1st, on the lease--

8 MAYOR BARNES: That would not meet
9 the terms that we are suggesting.

10 CHAIRMAN KLINEMAN: As I told you
11 before, we are not intending to meet
12 between now and September 1st. That's
13 one of the problems I see. What about
14 the 30th of September rather than
15 September 1st, because that will give us
16 time to meet. We will meet in September
17 and consider the further extension.

18 MAYOR BARNES: The 30th of
19 September. We would extend the license
20 to the 30th of September, the Certificate
21 of Suitability.

22 EXECUTIVE DIRECTOR THAR: I can't
23 guarantee that we have a meeting date

1 between now and September 30th. The next
2 meeting is the meeting in East Chicago
3 and Hammond. It's set for when that date
4 occurs. By describing it as when the
5 Commission meets for this, that's going
6 to be the next full meeting of the
7 Commission.

8 MR. TABBERT: We are agreeable to
9 September 30th. Can you do it October
10 15th, Jack?

11 MAYOR BARNES: I will be very frank
12 with you, you know, we have talked about
13 this, I'm going against the wishes of my
14 counsel's suggestions right now. We
15 compromised on it and I have indicated
16 September 30th on my own here, and quite
17 frankly I'm not prepared to go beyond
18 that date with the Trump organization, I
19 will be very frank with you.

20 MR. SUNDWICK: We can have a full
21 meeting?

22 EXECUTIVE DIRECTOR THAR: Not on an
23 issue that-- you have seen how it went

1 today, Bob. I don't know if we can do
2 this on the phone.

3 MR. SUNDWICK: I see. I'm assuming
4 it's all going to be very happy by then.

5 EXECUTIVE DIRECTOR THAR: Hopefully
6 it would all be.

7 CHAIRMAN KLINEMAN: Things have
8 started to get happy on this transaction;
9 there is an awful lot of money to be at
10 risk and a lot of people having their
11 necks stuck out.

12 MR. TABBERT: We agree to September
13 30th. If all the other conditions are
14 correct, we agree to September 30th.

15 EXECUTIVE DIRECTOR THAR: It's
16 already been indicated; it's a matter of
17 us being able to get together.

18 MR. TABBERT: I know that, Jack, I
19 thought they agreed to September 30th.

20 MR. SUNDWICK: When do you have to
21 have this thing published? We're going
22 to have to have a lunch break here
23 subsequently and we could get our

1 calendars together, couldn't we, Jack?

2 EXECUTIVE DIRECTOR THAR: Yes, we
3 could.

4 MS. BOCHNOWSKI: You need it by
5 noon. You have less than 10 minutes.

6 MR. TABBERT: We think we can get
7 a couple more hours, an hour. We got
8 another hour we can call.

9 EXECUTIVE DIRECTOR THAR: I think
10 this Commission has done as much as it
11 can, with the urgency of the fact. It is
12 unfortunate to have form over substance.
13 If we have got to go to the certificates,
14 extend them if we want to extend them for
15 a period of time. It's always been a
16 condition if they got the property and
17 they didn't turn it over, it's a breach;
18 we can meet on emergency basis to take
19 that up. If there is no more trust in
20 this Commission than that--

21 CHAIRMAN KLINEMAN: Well, I must
22 agree with Mr. Thar, that we may not be
23 here before September 30th. On the other

1 hand, it is our intent to meet before
2 September 30th, we just have scheduling
3 problems, so I can't agree more with him,
4 that we can't really be put in a position
5 that we have to meet if our schedules
6 don't allow it. That's our problem. Now
7 we are going to meet either in September
8 or October for sure and so we really are
9 put in a position where we have got a
10 very few days that seem to be hanging
11 this thing up, and I know that this thing
12 is going to happen. I believe this thing
13 is going to happen in the next 30 days or
14 so, you know, I really do.

15 MAYOR BARNES: I believe it will.
16 I believe it will as well. And I'm
17 certainly hopeful that it will, but I
18 certainly hope that the Commission is--
19 the least of my intent is to put the
20 Commission in a position that it feels
21 uncomfortable with any action that it
22 takes, but we started on this seven,
23 eight years ago, and we're trying to wrap

1 some things up right now, and we have got
2 a developer here, the Trump organization
3 that agrees to take this position, all
4 that we're doing is out of the ordinary,
5 but we're willing, we're willing to do
6 that. We're willing to give up the
7 substantial right that we have. We are
8 saying September the 30th. And with all
9 of the other issues of trust and
10 everything else that we think our good
11 faith activities have involved already,
12 September the 30th is the last day that I
13 am in a position to agree with.

14 CHAIRMAN KLINEMAN: It's my
15 understanding that the dismissal itself
16 is in fact in existence and has been
17 signed; is that correct?

18 MR. RIBIS: They have it.

19 MR. TABBERT: Yes.

20 CHAIRMAN KLINEMAN: And can they
21 release it on the Mayor's and the
22 council's okay; is that correct, or is
23 there something that more needs to be

1 done?

2 MR. KING: It hasn't been signed
3 but it's in existence, though.

4 CHAIRMAN KLINEMAN: So you can
5 sign right now and hand it over.

6 MR. KING: Upon authority of the
7 Mayor I could, yes.

8 CHAIRMAN KLINEMAN: I am sorry?

9 MR. KING: Yes, upon the authority
10 of the Mayor, okay.

11 CHAIRMAN KLINEMAN: And we have the
12 Trump people saying that an extension to
13 September 30th is that which they are
14 requesting at this time; is that
15 correct?

16 MR. RIBIS: That's satisfactory.
17 And the escrow agreement and the
18 arbitration clause, that's all okay with
19 us.

20 CHAIRMAN KLINEMAN: Okay. I guess
21 I would like to hear--

22 MAYOR BARNES: Mr. Chairman, again
23 our comments here, I want to make it very

1 clear deal with the Trump organization at
2 this time. All these comments.

3 EXECUTIVE DIRECTOR THAR: What does
4 that mean? Could you elaborate on that,
5 please?

6 MAYOR BARNES: There shouldn't be
7 any elaboration, I would hope that this
8 is a matter that we have discussed with
9 relation to the Trump organization. We
10 do not have the same accord with the
11 Barden President at this particular
12 point.

13 CHAIRMAN KLINEMAN: Well, Trump is
14 actually the one that's going to take
15 title to the property. Barden is not
16 involved. They have a joint agreement,
17 but you understand fully that when they
18 take title to it, as soon as Barden puts
19 his money up, he comes in with them; you
20 understand that they have the same lease
21 and the same everything, whatever.

22 MAYOR BARNES: Well, we fully
23 understand that we have two boats and two

1 developers, and we want to make sure that
2 we obviously be in a position to
3 negotiate with them as well.

4 CHAIRMAN KLINEMAN: This is such an
5 opportunity, I can't imagine a better
6 opportunity that Gary has had in I don't
7 know how many years. I think I told you
8 one time I read an article in the paper
9 how a lot of gaming supply companies are
10 talking about maybe making Gary their
11 headquarters because they are going to
12 have a good couple customers there, and
13 with the other boats, Illinois and so
14 forth, it's a nice central location, good
15 interstates and all that kind of stuff,
16 you are going to have all these
17 opportunities that you and I can't
18 envision, and we have got to get this
19 thing moving; okay?

20 Do any of the Commissioners have
21 any comments; anybody want to make a
22 motion?

23 MS. BOCHNOWSKI: I just can't

1 understand this, because they can't have
2 a Certificate of Suitability; they cannot
3 have a license to operate unless you get
4 the property. This isn't even a problem;
5 this is not an issue.

6 MAYOR BARNES: I'm not sure what we
7 are still debating this, Ms.
8 Commissioner. We have indicated the
9 conditions under which we are prepared to
10 go forward.

11 MR. SUNDWICK: I would like to make
12 a motion that we extend the Trump
13 Certificate of Suitability until
14 September the 30th.

15 CHAIRMAN KLINEMAN: Is there a
16 second to that motion?

17 DR. ROSS: Do you want to add those
18 conditions?

19 MR. SUNDWICK: I don't know.

20 EXECUTIVE DIRECTOR THAR: It
21 wouldn't be necessary.

22 CHAIRMAN KLINEMAN: The
23 stipulations.

1 MAYOR BARNES: That's something we
2 have already agreed to.

3 MR. SUNDWICK: With that, I guess
4 my intent is for that period of time you
5 will in fact make an agreement, if not,
6 that we will be back here talking about
7 this again. As the Mayor said, we will
8 be looking for either revoking it or not
9 extending it or--

10 MAYOR BARNES: I'm not revoking but
11 not extending it, because it would
12 expire, to my understanding, on September
13 30.

14 CHAIRMAN KLINEMAN: Okay. Before
15 the Commission votes on this-- or
16 withdraw that.

17 Is there a second to the motion?

18 MR. MILCAREK: Can you live with
19 that?

20 MR. TABBERT: We can. We can live
21 with it.

22 CHAIRMAN KLINEMAN: Is there a
23 second?

1 DR. ROSS: I second that.

2 CHAIRMAN KLINEMAN: Dr. Ross
3 seconds it. Any discussion?

4 I guess of all of the things that
5 have gone on, Mayor, I would sort of like
6 to see the dismissal signed and sealed
7 right there so that when we do get this
8 we can just go over it; is that all
9 right?

10 MAYOR BARNES: We have our escrow
11 agreement.

12 CHAIRMAN KLINEMAN: Okay. So if
13 you would instruct your counsel to please
14 start signing, we can get that part out
15 of the way before we vote.

16 Since this morning's meeting has
17 run a little longer than we thought, I
18 think the Commission will not meet at
19 1:00 o'clock, but will come back at
20 1:30. So those of you who are interested
21 in that time frame, that's where we are
22 going to be.

23 Welcome back, Mr. Mayor.

1 MAYOR BARNES: Mr. Chairman, we are
2 prepared to submit these to the
3 Commission based on the understanding
4 that we have relative to vote that is now
5 on the boat.

6 CHAIRMAN KLINEMAN: All right. All
7 those in favor of the motion extending
8 the Certificate of Suitability for the
9 Trump organization to September 30, 1995,
10 say aye. All those opposed. Motion is
11 carried.

12 With your permission, Mayor, I will
13 deliver these papers to the Trump
14 organization.

15 ... Applause.

16 Thank you, Mr. Mayor.

17 We now again take up the question
18 of the extension for the Barden/PRC-Gary,
19 matter.

20 Is there a motion to extend that
21 Certificate of Suitability?

22 First maybe we should have a little
23 background. There is an indication that

1 Mr. Barden might want to-- I guess there
2 are two things. One is we would extend
3 the Certificate of Suitability for some
4 period of time. We would then be in a
5 position to consider whether or not Mr.
6 Barden is bringing someone new in or
7 whether or not the original group will
8 continue but with the equity having
9 transferred solely to Mr. Barden, with
10 the President group as the operator.

11 So I basically think we probably
12 ought to not extend this for six months
13 because we probably ought to have an
14 equal type report back sometime, maybe
15 September 30th is a good date, and would
16 that be a request on the Barden group
17 that we extend your Certificate of
18 Suitability to September 30, 1995?

19 MR. BARDEN: Fine.

20 CHAIRMAN KLINEMAN: Mr. Barden says
21 it's fine. Okay.

22 Is there a motion to that effect?

23 EXECUTIVE DIRECTOR THAR: One point

1 if I may, Mr. Chairman. There was also
2 the letter request from President, to
3 transfer its interest to Barden.

4 Does the Commission want to defer
5 action on that? Or the other problem is,
6 to what extent will Mr. Barden be able to
7 go out and deal with other people if he
8 does not have complete interest.

9 Do you have a comment? I wonder if
10 Mr. Ellers or Mr. Barden would have a
11 comment on that aspect.

12 I bring it up for this point: We
13 have previously done a background, et
14 cetera check with regard to Mr. Barden
15 and he's been found suitable. There's
16 been nothing that has come to staff's
17 mind. The staff records would show that
18 he is suitable. Secondly, he has sold
19 his company; had the 800 million in cash,
20 and represents that 30 million of that is
21 available for this project. It's a
22 question of whether or not the Commission
23 wants to deal with that issue today or

1 defer it.

2 MR. BARDEN: Mr. Chairman, I might
3 request, in order to continue the project
4 and the development and take charge
5 immediately, I would request two things:
6 Extension to September 30th; I don't have
7 a problem with that, and also to accept
8 the letter request that President sent
9 you requesting withdrawal and the turning
10 over of the equity to me.

11 CHAIRMAN KLINEMAN: You do want us
12 to approve the turnover?

13 MR. BARDEN: Yes.

14 CHAIRMAN KLINEMAN: Well, let's see
15 if we can have a motion to extend the
16 Certificate of Suitability to September
17 30, 1995, and to approve the transfer of
18 the President's interest to Mr. Barden,
19 and I think it's 42 1/2 percent; is that
20 the correct amount? So that at the
21 conclusion if that's approved, at the
22 conclusion Mr. Barden would own 85
23 percent if my math is correct.

1 MR. SUNDWICK: I so make that
2 motion.

3 CHAIRMAN KLINEMAN: Is there a
4 second?

5 MR. VOWELS: Second.

6 CHAIRMAN KLINEMAN: Seconded by Mr.
7 Vowels. Any further discussion?

8 EXECUTIVE DIRECTOR THAR: Just a
9 point of clarification. Is that one
10 motion, one resolution for two subject
11 matters?

12 CHAIRMAN KLINEMAN: Is that a
13 violation?

14 EXECUTIVE DIRECTOR THAR: I don't
15 have any idea.

16 ... Laughter.

17 Just wanted to know.

18 CHAIRMAN KLINEMAN: Well, let's go
19 with the two in one.

20 Okay. Any further discussion?
21 Hearing none, all those in favor say aye.
22 Contrary. The ayes have it, and that
23 resolution is approved.

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I guess now we have come upon the recess time, and we will recess until 1:45. Thank you all for working this problem out.

... At 12:15 p.m., the proceedings recessed, to be continued at 1:45 p.m.

ORIGINAL

BEFORE THE INDIANA GAMING COMMISSION

PUBLIC MEETING
AFTERNOON SESSION

RECEIVED

JUL 12 1995

TRANSCRIPT OF PROCEEDINGS

INDIANA GAMING COMMISSION

DATE: June 30, 1995

PLACE: Westin Hotel - Grand Ballroom #5
50 South Capitol Avenue
Indianapolis, Indiana

REPORTED BY: Bobette Jo Bedinger, Notary Public

MEMBERS OF THE COMMISSION

Alan I. Klineman, Chairman
Thomas F. Milcarek
Dr. David E. Ross, Jr.
Donald R. Vowels
Ann Marie Bochnowski
Robert W. Sundwick

ALSO PRESENT

John J. Thar, Executive Director,
and Members of the Staff

SHIREY REPORTING SERVICE, INC.
CAPITAL CENTER SOUTH
201 North Illinois Street
Indianapolis, Indiana 46204
(317) 237-3350

1 MR. KLINEMAN: Okay. If you
2 would please come back to order. Let the
3 record show that all of the Commissioners
4 are present and we have a quorum.

5 First, let me outline what the
6 procedure will be this afternoon. It's
7 indicated by a resolution this morning that
8 we intend to try to grant two licenses down
9 in the southeastern corner of the state. I
10 thought we would proceed as follows: We
11 would proceed with the applicants in
12 Switzerland and Ohio Counties first. We
13 will try to make a decision on those
14 applicants and award one license. We would
15 then move into Dearborn County after a
16 recess, and we would then consider the six
17 applicants in Dearborn County.

18 As to the first three, we will
19 have whatever discussion needs to be had,
20 we'll have any questions propounded to any
21 of those three applicants, and we will then
22 try to make a decision. As to the Dearborn
23 situation, the six applicants, we will,

1 again, have a discussion, ask any questions
2 that we need to ask of those six applicants.

3 We will then have sort of a
4 preliminary primary, and I have suggested
5 that each of the Commissioners receive three
6 votes, and we will attempt to move the
7 candidates, some candidates into the finals
8 by implication, of course, so the candidates
9 would then not be involved in the finals.

10 As I say, each of the Commissioners will
11 have three votes. So, it isn't necessarily
12 that if one candidate receives even a
13 majority to move into the finals, it doesn't
14 mean that that has disposed of the question
15 of awarding the license. And we will try to
16 move the three candidates who had the
17 highest number of votes at the primary into
18 the final election procedure. So, unless I
19 hear any objections from my fellow
20 Commissioners as to that procedure, we will
21 attempt to proceed along those lines.
22 Hearing on, that's the way we will proceed.

23 First, Mr. Thar has some

1 additional material which has come in, I
2 guess, very recently.

3 MR. THAR: As recently as five
4 minutes ago, the quest is never ending, the
5 Commission has already received, this was
6 received about five minutes ago, the
7 Commission has already received a letter
8 which was in your packets indicating why a
9 Switzerland County group of people do not
10 want gaming in Switzerland County. Attached
11 to that now is a cover letter and also some
12 signature pages submitted by Pete, from what
13 I can tell it's either Turnish or Furnish,
14 President of Vevay Town Council, lay member
15 of the Switzerland County Administerial
16 Association. That cover letter has been
17 described to you, and it will be not be
18 passed to the Commission. It's available
19 for you here.

20 In addition this morning and then
21 this afternoon we received from Rising Sun,
22 Indiana, that instead of going with a tiff
23 financing of any improvements to Highway 56,

1 State Highway 56 from Rising Sun to the
2 Dearborn, Ohio County line, that each of the
3 applicants, we have received a letter from
4 each of the applicants basically indicating
5 the following: 2.5 million dollars will be
6 given as outright grant to either of those
7 two applicants selected. Four improvements
8 to the highway. In addition, another 4
9 million dollars will be given as an interest
10 free loan for improvements to that highway
11 of which Rising Sun will repay out of their
12 infrastructure budgeting that they had shown
13 to the Commission but only to the extent of
14 not more than 50 percent of that budget per
15 year.

16 In the event that the company
17 would hold during that a five-year period,
18 the remainder of the loan, if any, would be
19 forgiven. So, as an alternative to the tiff
20 funding for that project, they have come up
21 with that. INDOT has indicated they believe
22 that the cost would be in the area of 6.95
23 million dollars to bring Highway 56 for that

1 distance from Ohio, Dearborn County line to
2 Rising Sun up to what they call R-3 which is
3 12 foot wide lanes of 8 foot shoulders on
4 each side. That would, hopefully, conclude
5 all of the information that has been
6 submitted as submittal information to the
7 Commission for their consideration. Again,
8 you do not have all of that stuff, but it is
9 here, if any Commissioner desires, to take a
10 further look at it beyond that explanation.

11 MR. KLINEMAN: You may remember
12 that there was some question after we talked
13 to the INDOT people about the cost of the
14 road that Mr. Thar has just discussed. The
15 original estimate, I guess, was 2.1 million
16 dollars and state highway, after they took a
17 look at it, revised that figure to the
18 figure that Mr. Thar has used, and as a
19 result of that we have this additional
20 agreement.

21 Anything further before we
22 proceed? I thought we would proceed, maybe
23 discuss, as I indicated, the three

1 applicants for Switzerland and Ohio
2 Counties. The first applicant in order of
3 the alphabet is Alpha Rising Sun, Fulton
4 Landing Project. Does anyone have any
5 questions concerning this project that they
6 would like to ask the applicant at this
7 time? I'm hearing none.

8 I guess we can start discussing
9 what I call the project in Ohio County in
10 Rising Sun. It is a project that has an
11 estimated cost of 99 million dollars. It
12 has a boat that would accommodate 2,500
13 persons and 1,500 gaming positions. They've
14 also indicated that they would build a 250
15 room hotel and a 1,200 person auditorium.
16 I, for one, find this to be a fairly
17 attractive project. The only concern that I
18 have that, the only concern that I have, not
19 the only concern but one of the concerns,
20 obviously, is the record that exists in
21 Mississippi and the prior operations and the
22 fact that that is probably still in
23 operation, at least according to the most

1 current figures that we received, they are
2 not doing too well. They did, of course, as
3 has been done by several of the applicants,
4 they did come up with a financing slash
5 maybe equity position with the Bally group.
6 And I guess when we finish the discussions,
7 there was an indication that that financing
8 would be in terms of the loan, but it would
9 be made unconditional whether or not the
10 Bally group had that position. Anybody want
11 to discuss the Alpha Rising Sun group?

12 MS. BOCHNOWSKI: Well, the
13 addition of the Bally group certainly
14 produces this company. And I guess these
15 newcomers in the field are going to be
16 something we have to anticipate.
17 Unfortunately, it makes it little difficult
18 since that's the company.

19 MR. KLINEMAN: Anyone else want
20 to say anything about this particular
21 group? I thought they had a fine
22 presentation. I think it's very explanatory
23 what they have done. We do have a SPEA

1 analysis of all of the applicants in the
2 southeastern corner of the state. Mr. Thar,
3 are you on the right page to tell us where
4 Alpha stands?

5 MR. THAR: Page 22 of Section 1.
6 Basically, what that will give you is the
7 summaries of the projects as they were at
8 the time that we did the analysis. And, as
9 you know, some of them have adjusted moving
10 targets. As you go across, it will give you
11 the figures as analyzed by SPEA based upon
12 figures confirmed by the applicants for
13 annual attendance, annual adjusted gross
14 gaming receipts, annual admissions revenue,
15 annual gaming admissions taxes, etcetera, as
16 you go down the line.

17 MR. KLINEMAN: Okay. Well, if
18 there's nothing further at this time about
19 Alpha, we'll move on to Pinnacle which is in
20 Switzerland County. They have a proposal,
21 likewise it is attractive, and Switzerland
22 County certainly is an attractive county.
23 They are proposing a 296 room hotel, but

1 they likewise have had some problems in the
2 past. They're proposing a 70 million dollar
3 project, and they basically have the
4 smallest boat that has been presented to the
5 Commission at any time up to this point.

6 According to the SPEA analysis,
7 they are projecting less than the average
8 attendance. And that, of course, then
9 translates into less than the average income
10 from the standpoint of tax revenues and so
11 forth. There is, if you remember, the site
12 is just east of the Markland Dam and that
13 the access, which is something that we've
14 talked about a lot, a lot of the access
15 would be across the Markland Dam. We have
16 the problem that the interstates are some
17 seven or eight miles south of the Markland
18 Dam, and you have to come in on some roads
19 which have been classified as two-lane
20 county roads either in good to fair
21 condition to get to Markland Dam and come in
22 that way.

23 Anyone else have anything to say

1 about Pinnacle?

2 MR. THAR: I might make this
3 point, Mr. Chairman. You made a comment
4 that Pinnacle has had a problem in the past,
5 and that may have been confused with another
6 company. I don't believe that there's
7 anything in the reports that would indicate,
8 or in the presentation, that Pinnacle as a
9 company, or Century Casino, or NGC, the
10 primary interest owners in that operation,
11 have had any type of problems. So, I think
12 that simply may be a confusion with one of
13 the other applicants.

14 MS. BOCHNOWSKI: It's hard not
15 to.

16 MR. THAR: They do kind of blend,
17 don't they?

18 MS. BOCHNOWSKI: Yes. I think
19 that this is a strong company.

20 MR. THAR: NGC, it does provide,
21 based upon the reports, a solid source of
22 financing for the operation.

23 MS. BOCHNOWSKI: Right.

1 MR. KLINEMAN: Well, as I said,
2 according to SPEA report, however, they do
3 indicate not quite the volume that I think
4 the other applicants in this area are
5 showing, and that may just be a matter of
6 them being very conservative. On the other
7 hand, their boat is not particularly large,
8 so they may be forecasting the volume more
9 correctly.

10 MR. THAR: I believe to carry on
11 with that upon what has been presented and
12 born out in the SPEA reports, the Pinnacle
13 project is the smallest project that's been
14 projected in this area, probably is the
15 smallest problem the Commission has looked
16 at to date at 7 million dollars for the
17 improvements they tend to do in Phase 1.
18 And their project has put forth those
19 intentions.

20 MR. KLINEMAN: Does anyone have
21 any questions of Pinnacle, any corrections
22 of myself, any additional corrections?

23 DR. ROSS: How large is the

1 hotel?

2 MR. KLINEMAN: Two hundred and
3 ninety-six rooms. It does make it a
4 destination point. If they're going to fill
5 those number of rooms, one would think it's
6 got to be operated as a destination.

7 DR. ROSS: The investment is
8 considerably less than the other two in
9 Switzerland County. Where is the
10 reduction?

11 MR. KLINEMAN: I think it's in
12 the other land facilities and the boat. I
13 don't have the figure on the boat, but it's
14 got to be a lesser expense than the others.

15 MR. THAR: If the boat is
16 smaller, the cost is less. I think among
17 the amenities they have pointed out during
18 the course of their presentation is an RV
19 park, walkways and a miniature golf course.
20 The biggest part of Switzerland County's
21 presentation represents Switzerland County
22 already had a golf course and some other
23 amenities. They didn't think, therefore, it

1 was necessary from a county point of view to
2 put that into the project. But, apparently,
3 some of the other Ohio County applicants are
4 putting forth full size golf courses and
5 retail centers and other things of that
6 nature which Pinnacle has not put forth in
7 their presentation.

8 MR. KLINEMAN: I thought it was
9 positive that Pinnacle was talking about
10 doing something with the (inaudible) and not
11 letting it die on the vine or overwhelm them
12 with development and different locations, so
13 I thought that was pretty much a positive,
14 not ignoring that particular aspect.

15 MR. VOWELS: I thought they were,
16 the investors in that application were good
17 people and, you know, these hearings are not
18 a cocktail party. And we ask questions that
19 may be devil's advocate type of questions,
20 we generally know the answers to those but
21 we like to see what the reaction is. But I
22 think the applicant was a good applicant.
23 My concern since the beginning of the

1 participation of the Commission, the
2 Cincinnati market has always been described
3 as the most lucrative market we would
4 probably deal with, if not one of the most
5 lucrative markets in the country. And I
6 look at the numbers here and they just seem
7 low. They could be realistic, in two years
8 we could look back and see Pinnacle and
9 everyone was inflated. My concern is
10 generally looking at the numbers, and they
11 just seem sort of a low anticipation of
12 whose company, who is going to come there,
13 how much revenues is going to come into it.
14 And that was my concern as we were having
15 the hearings, that maybe they were being too
16 conservative. And that worries me in a
17 market like this, that really could be
18 something powerful.

19 MR. KLINEMAN: Anyone else have a
20 comment on Pinnacle at this point? Now
21 we'll move on to Rising Sun. It's full
22 name?

23 MR. THAR: Rising Sun Riverboat

1 Casino and Resort RSCI.

2 MR. KLINEMAN: You remember that
3 this is the one that Pritzker, the Hyatt
4 company had indicated that he was going to
5 come in on. It was a 98 million dollar
6 project. He was committed at least orally
7 to an unconditional loan of 99 million
8 dollars, 8 percent interest rate with the
9 hope, of course, of converting --
10 representation that he would convert the
11 loan, that Hyatt would convert the loan to
12 management positionship, that they would be
13 allowed to do that by this Commission. They
14 are going to build a hotel, I forget the
15 size, but it's a, if I remember correctly,
16 it was of destination size. It wasn't -- I
17 think it was something bigger than that.

18 MR. SUNDWICK: One hundred and
19 fifty.

20 MR. PRITZKER: I believe I said
21 200 in the first phase, Mr. Chairman.

22 MR. KLINEMAN: Okay. That was
23 Mr. Pritzker.

1 MR. SUNDWICK: Am I to also
2 understand it's 8 percent or 14, the loan?

3 MR. PRITZKER: I believe it was
4 18 percent prior to conversion and at
5 conversion or your discretion it would go to
6 16 percent preferred return.

7 MR. VOWELS: The approach there,
8 too, is Hyatt understands that this is
9 unconditional, that this -- when some people
10 might see in some of these application are a
11 back door, they can't give their
12 applications so they show up with somebody.
13 But they have to understand this is
14 unconditional. It doesn't mean they're
15 going to have the ownership after the
16 certificate of suitability is issued, and I
17 think they understand that.

18 MS. BOCHNOWSKI: Well, the
19 advantage here, though, is that Hyatt, this
20 is a company that we have investigated in
21 the past. I'm sure we have to do another
22 investigation should that application come
23 in. But financially I think we know where

1 they stand, so we know they're capable of
2 financing a project. Would you agree with
3 that, Jack?

4 MR. THAR: Based upon the
5 background investigation and financial
6 investigation done for Evansville, we have a
7 high degree of comfort they can do what they
8 say they will do with regard to financing.

9 MR. KLINEMAN: Well, since we're
10 in here, we've got the road problem which we
11 briefly discussed before in Rising Sun. The
12 road is dangerous in the daytime, probably,
13 obviously eats through our old friend US 50
14 in Lawrenceburg. And so we have, really,
15 two problems: One, is the additional
16 traffic from Lawrenceburg which we avoid by
17 going to Switzerland County or to Pinnacle,
18 rather, and also the condition of the road
19 until it would be fixed pursuant to what the
20 state highway says it would cost and so
21 forth. And that would be a fairly long-term
22 project, probably a couple years, wouldn't
23 it?

1 MR. THAR: Yes. With regard to
2 the overall completion, total upgrade of the
3 road, I would like to mention, which is why
4 these letters are here, as suggested by
5 Rising Sun, the city as opposed to -- with
6 regard to the 2.5 million that each either
7 Alpha Rising Sun or Rising Sun Riverboat
8 Casino Resort have agreed to pay immediately
9 right up front or upon getting the
10 certificate. So, that would be used for
11 some temporary alterations to the road such
12 as repaving where needed, patching where
13 needed, pull-off spots where needed. That,
14 of course, does require that it be done in
15 conjunction the Indiana Department of
16 Transportation, as with all of them.

17 The private funding for the other
18 part of the road, if they were to start
19 today, indicated approximately three years
20 from today's date completion of that new
21 improved type road at 6.9 million today's
22 estimate.

23 MR. SUNDWICK: You said private

1 funding. There is private funding repair to
2 this road and all of the roading, if you
3 will?

4 MR. THAR: Yeah. If I didn't
5 make it clear, each of the applicants for a
6 license in Ohio County has indicated they
7 will give 2.5 million to Rising Sun for the
8 repair of that road and some short-term
9 repairs be done on that road immediately.
10 In addition, each candidate has agreed a
11 loan up to 4 million dollars more interest
12 free for the overall cost of redoing that
13 road, and that's a process that will take
14 engineering, design work. INDOT says if all
15 of the state required monies is paid by a
16 private company, by private concerns, and
17 all that's left is what the federal share
18 would be, that that type of project can be
19 escalated into the books and generally move
20 faster. But you have to understand the
21 Indiana Department of Transportation
22 provided this information having only from
23 last Friday to yesterday to put it together.

1 They did a marvelous job of taking a look at
2 that road, and that's their best estimate.
3 But it is faster to fund it by private
4 entities rather than relying on state to do
5 it. And to make a total 6.5 million, up to
6 6.5 million amount has been committed by the
7 applicants to Rising Sun.

8 MR. SUNDWICK: How long do they
9 estimate that would be to repair the road?

10 MR. THAR: On as fast as track as
11 it would go, three years. That's from INDOT
12 only having a week to look at it. Some
13 people say it could be a little quicker, my
14 guess is it would probably be a little
15 more. That's for permanent full-time.

16 MR. SUNDWICK: If it's privately
17 funded, what does INDOT think?

18 MR. THAR: INDOT will have a
19 responsibility to approve the plans, go out
20 and they'll have to do survey work. Part of
21 INDOT's problem is that State Road 56 used
22 to be a county road to a great extent, so
23 it's an adoption of a county road by the

1 state. They don't know what the easements
2 are. They don't know to what extent there
3 will be land acquisition. They don't know
4 to what extent they'll have to dig into
5 sides of hills to build up the floor of the
6 Ohio River because it's next to the river in
7 some areas. In order to do that there will
8 be testing, there will be Corps of
9 Engineering input and other things. So, a
10 lot of is the design and approvals that will
11 be necessary to get that done. It would
12 take much longer than that absent the
13 private funding.

14 MR. KLINEMAN: Well, it would
15 have to go into the pool, into the project
16 pool of money that the state has available
17 to do its work statewide. Of course, they
18 set priorities based upon the usage and so
19 forth. And even though we would increase
20 the amount of traffic on 56, it still
21 wouldn't come close to some other highways
22 that are in need of repair as far as usage
23 is concerned, so the private funding really

1 is the only way. And I guess it starts to
2 sound as if we're going to do anything, we
3 ought to have some indication that if the
4 project runs more than 6.5, 6.95, that the
5 applicants, if they receive a certificate,
6 would make the additional funds available if
7 it turns out the estimate is low. As Mr.
8 Thar had said, this was a magnificent job on
9 the part of INDOT in getting us the figures
10 that they got us. But the man that brought
11 them to us said they have done the best they
12 can. This was a very short period of time.
13 They have no soil borings. They have no
14 idea what is the quality of the soil. And
15 as Mr. Thar said, they have no idea about
16 the land acquisitions, too, the land that
17 has to be required, so that presents a
18 substantial problem. As we know, highways
19 have been a great concern to this Commission
20 and everybody since we went down to the
21 southeast and started looking at those two
22 counties.

23 MS. BOCHNOWSKI: Well, and the

1 other issue is, it's not just that area but
2 everything from really through Dearborn
3 County is going to be affected as well. And
4 whether there will ever be a bypass around
5 Lawrenceburg, I think those are all issues
6 that we have to think about.

7 MR. VOWELS: The way I look at it
8 it's two-fold. Having driven those roads,
9 they need to be updated. The only way
10 they're going to be updated is if the state
11 pays attention to them. And the only way
12 the state is going to pay attention to them
13 is if there is a riverboat traffic, people
14 driving down those roads, revenue coming in
15 to benefit neighboring cities. The
16 Democratic process, as I view it, certainly
17 those people in Switzerland, Ohio and
18 Dearborn Counties aren't stupid. They would
19 assume that more people are going to show up
20 in their county. They're not going to be
21 walking there or riding bicycles. So, when
22 they passed the referendums, they had every
23 opportunity in the world to evaluate that,

1 and anybody that wanted to point that out to
2 them, that that was bad idea, they had the
3 opportunity and they still passed it.

4 Like I said the other week, if I
5 lived there and had a great job and made a
6 lot of money, I don't know if I would have
7 voted for the referendum because I like the
8 way that place looks and the way it is and I
9 don't want any changes. But I don't live
10 there, and they voted for it. And so I
11 think traffic impact is going to be a big
12 deal in the way it changes the lives down
13 there, will be a big deal. But they voted
14 it in, and I think INDOT will pay attention
15 to it. But I wish it would go faster, but
16 that's not the way it works. But I think
17 traffic is important and I think the people
18 down there should be given credit for having
19 considered it when they voted it for. And
20 they do get the good with the bad, and it
21 would be safe in the meantime.

22 MR. KLINEMAN: We all received
23 from the Corps of Engineers an evaluation of

1 the wetlands problems and cultural,
2 archaeological problems of each of the
3 applicants as viewed by the Corps based upon
4 not an in-depth but a cursory review, I
5 guess, of problems. And Alpha Rising Sun,
6 they show has a low wetland, I call it
7 problem, has a low cultural problem.

8 The Pinnacle has a -- they receive
9 a non-category of wetland, and they receive
10 a low on the cultural. And the riverboat,
11 since it's on the same location as Alpha
12 Rising Sun gets two lows. I thought I would
13 bring that to the attention of the
14 Commission.

15 MR. VOWELS: And I think the new
16 statute, not to get off of that, that
17 requires the boats have to be able to move.
18 I think everybody says there is no real
19 concern.

20 MR. THAR: That's not issue with
21 regard to Ohio and Switzerland County.

22 MR. VOWELS: Right.

23 MR. KLINEMAN: Well, I think

1 Switzerland County would take the position
2 that they have a little more room because
3 the Markland Dam sort of forces the traffic,
4 I think, to what we'll call the Kentucky
5 side.

6 MR. THAR: I think the real point
7 was that it's so close to the Markland Dam,
8 the pool stays, it's hard to make the
9 deviation, the pool of water there which
10 will be more affected as you get further
11 away from the Markland Dam. But also, yes,
12 the lots are on the Kentucky side. But as
13 compared to Evansville or some of other
14 positions that you've already seen, both the
15 Ohio County and the Switzerland County areas
16 have more than sufficient water to cruise.

17 MR. VOWELS: Being from
18 Evansville, everything looks good from
19 there.

20 MR. KLINEMAN: Well, and as far
21 as affecting the immediate quality of life,
22 Pinnacle is close to Florence, the very
23 small town, and is it really away from

1 Vevay, so that is a consideration on
2 Pinnacle whereas two Rising Sun locations,
3 as we all know, are right next to Rising Sun
4 which could be a plus or a minus. I guess,
5 Mr. Vowels, saying it could affect the
6 quality of life in those towns, on the other
7 hand it prevents the area from dying
8 completely because the people will be right
9 there, and so they will be available to, as
10 they come to the riverboats, also
11 participate in the Main Street type of
12 activities in Rising sun, at least.

13 MS. BOCHNOWSKI: Well, the people
14 of Rising Sun impress me as really having
15 gone to a great deal of effort to address
16 some of these issues. And I think, I hope
17 that both of these communities are jumping
18 into this knowing full well what they're
19 going to be facing in terms of additional
20 people, different types of businesses that
21 might come in. And it seems to me that they
22 address these issues.

23 MR. KLINEMAN: The other thing I

1 think we would want to compliment both
2 counties on is the revenue sharing program
3 that was -- nobody forced them to get into
4 the revenue sharing splitting that they did,
5 they did that on their own. I think that
6 caused, of course, a lot of favorable
7 letters to come into this Commission
8 supporting one or more of the candidates
9 because of the things that the Ohio and
10 Switzerland County public officials did.

11 And I want to compliment the
12 elected officials in Ohio and Switzerland
13 Counties regardless of what level. To me
14 you people went about this process in a very
15 Democratic, businesslike way. And I, for
16 one, appreciate the work that you did to
17 present a package to this Commission which,
18 as you are seeing, makes our decision rather
19 difficult, extremely difficult. So, anyway,
20 we do thank the elected officials in those
21 counties and the other people who worked on
22 the revenue sharing and the other aspects of
23 working thses projects up to the place they

1 are today. And, again, of course, I guess
2 we should thank the applicants for having
3 presented such good packages that makes the
4 decision that much more difficult. I think
5 a lot of thought and obviously a lot of
6 money went into the presentations that we
7 have received and the work that goes behind
8 the presentations and proposals that are
9 made. Everyone put a lot of thought into
10 it.

11 MR. VOWELS: Mr. Thar, in
12 reference to all of these applicants, the
13 statute, of course, prohibits, it makes
14 certain people and entities ineligible for a
15 license. We don't have any of that problem
16 here; is that correct?

17 MR. THAR: I'll deal with that
18 issue, if I could switch around, should
19 there be a motion on a different candidate.

20 MR. KLINEMAN: I think that's the
21 most effective way to handle it, before we
22 vote we can find out if they're not
23 eligible.

1 Anything further? Does anyone
2 have any questions of the applicants that
3 are here? Anybody have any questions they
4 wish to propound to any of the applicants
5 for the counties?

6 MS. BOCHNOWSKI: I think that
7 before we do make a motion, though, we
8 should make it clear if we grant --
9 obviously we can't -- we're going to
10 probably grant, at this point grant a
11 license to either Ohio or Switzerland
12 County. That doesn't preclude the other
13 county from getting a license sometime down
14 the road. We have five licenses on the Ohio
15 River.

16 MR. THAR: Or later today.

17 MS. BOCHNOWSKI: That's right.

18 MR. KLINEMAN: That's why we at
19 this time are not voting in favor or against
20 any county. I'm glad you brought this point
21 up. We will be voting, granting license to
22 a particular applicant. And, therefore, as
23 everyone has said, it doesn't preclude the

1 county which is not at this point picked to
2 either come again with the same applicant
3 today, as Mr. Thar says, or come again some
4 other time with another applicant.

5 Anyone have anything further?

6 Well, let me say that this Commission has
7 worked very diligently. They've gone over
8 the material that has been submitted, so if
9 we don't spend a lot of time making this
10 decision, it is not because it hasn't been a
11 decision that's been thoroughly thought
12 through. So, if we're ready for the
13 decision, I would entertain a motion to
14 approve a particular applicant of the three
15 before us.

16 MR. VOWELS: I'll make a motion.

17 MR. KLINEMAN: Mr. Vowels.

18 MR. VOWELS: I would move that
19 the certificate of suitability be issued to
20 Rising Sun Riverboat Casino & Resort LLC.

21 MR. KLINEMAN: Is there a second
22 to that motion?

23 MR. MILCAREK: I'll second the

1 motion.

2 MR. KLINEMAN: It is moved to
3 second it. All those by the raise of hand
4 vote aye.

5 (Mr. Vowels, Dr. Ross, Ms.
6 Bochnowski, Mr. Klineman, Mr. Sundwick and
7 Mr. Milcarek so indicate.)

8 MR. KLINEMAN: Can we come back
9 to order a minute. The Chair needs to rule
10 that all the Commissioners, all six having
11 voted in favor of Rising Sun Riverboat
12 Casino, that that company will be issued a
13 certificate of suitability according to all
14 the terms and conditions that's listed.

15 MR. THAR: Commissioner Vowels,
16 there is no statutory provision based upon
17 the background investigation of Rising Sun
18 Riverboat Casino & Resort that would prevent
19 this Commission to not only issue a
20 certificate but a license as well.

21 MR. KLINEMAN: There is nothing
22 in the statute that would prevent --

23 MR. THAR: Nothing in the

1 investigation that the statute would cause
2 that. Yes, they're clean.

3 MR. KLINEMAN: Okay. I think
4 that anything further that came before us on
5 this particular matter, we would take a 15
6 minute recess and we'll come back.

7 (A short break was taken off the
8 record, after which the following
9 proceedings were had.)

10 MR. KLINEMAN: Okay. If we could
11 settle back down, I've been informed by a
12 number of people that nobody can hear what
13 was going on up here, and I apologize for
14 it. We did not realize but the TV people
15 plugged into our systems and as a result of
16 that we have to get real close to the mike
17 because they have siphoned off the volume.
18 And since we can't pull the plugs, I guess
19 we're going to have talk a little louder.
20 If people cannot hear, raise your hand and
21 I'll see you and we'll try to make the
22 adjustment that's necessary to allow
23 everyone in the place, in the room to hear

1 what's going on. So, I guess we're ready to
2 move into Dearborn County.

3 And if you recall we are going try
4 to, at least, to attempt to discuss the
5 applicants and then go into a procedure that
6 would have kind of a primary and a general
7 election. So, with that we will move -- and
8 if at any time if any of the Commissioners
9 wish to ask any of the applicants anything,
10 just indicate and we'll go forward with
11 questions. As we did in the other
12 situation, we'll try to go down these
13 projects by alphabetical order.

14 First, let me say that as a result
15 of the hearings that we've had most, if not
16 all, of the Dearborn County applicants have
17 indicated that they would build a
18 substantial hotel facility. Obviously, that
19 was one of the things that came out of the
20 discussion that we had last week. There
21 was, I think, a pretty strong indication
22 that this Commission felt that that
23 particular area was so hot, so to speak,

1 that a destination-type facility might be
2 that which would have the most lasting
3 effect and the most bang from an economic
4 standpoint. So, I will not be going over
5 what size hotel everybody has because,
6 basically, those who originally filed with a
7 smaller facility have now agreed to enlarge
8 it, and we will just assume for the purpose
9 of this discussion that everyone will
10 ultimately build something that would, at
11 least, classify as a destination-type
12 operation.

13 We have, of course, in Dearborn
14 County the two imponderable problems. We
15 have the environmental problem on the east
16 side and we have the traffic problem,
17 reverse, on the east side and the traffic
18 problem on the west side. So, we will just
19 identify the applicants, where they're
20 located and what brief information we have
21 or that I might indicate. We'll ask the
22 Commissioners to jump right in and indicate
23 anything they wish to say. We'll take them

1 in order of alphabet which puts Ameristar at
2 the top like they were on the
3 presentations.

4 If you remember, Ameristar is the
5 project -- well, before we get into that, I
6 think we ought to have a report from Mr.
7 Thar as to our research on the question of
8 the conservancy district because that was
9 one of the big problems that came up. And
10 we asked those people that had legal
11 opinions on the authority of the conservancy
12 district to lease, either directly or
13 indirectly, the land for the purpose
14 proposed. And we did receive, I guess, two
15 at least opinions from applicants and one
16 from the Sierra Club, was that -- I think
17 that's where we ended up.

18 MR. THAR: Yes. Mr. Chairman, is
19 there something you need to announce?

20 MR. KLINEMAN: This is for WLW
21 radio. There's a call for you, Brian Combs.

22 Well, anyway, the opinion, I guess
23 we're back to that again, Mr. Thar.

1 MR. THAR: Yes. Applicants did
2 submit research. Of course their research
3 indicated that it was authorized for the
4 conservancy district to lease it for
5 riverboat gaming activity. Sierra Club, of
6 course, had their letter which indicated
7 that it would not be so well. Prior to her
8 scheduled vacation, Miss Fleming did
9 research and her conclusion, very simply,
10 she feels the issue is not clear enough, has
11 not been litigated enough to that type of
12 clarify. So, the bottom line is, regardless
13 of which route you want to take, it mostly
14 like presents a loss. Who would win, we
15 don't know at this time.

16 MR. KLINEMAN: I guess there's no
17 prior precedent that anyone has come up
18 with?

19 MR. THAR: Not to the satisfaction
20 referred that we've heard recently.

21 MR. KLINEMAN: Well, okay, then
22 we'll start with Ameristar. Their project
23 is on the city property. They have, at

1 least according to the environmental people,
2 have a mitigation program and that they have
3 been cooperative in meeting together. Of
4 course we're getting no endorsements from
5 either the Oxbow or the Sierra Club with
6 respect to Ameristar. Their original
7 project, I guess, was approximately 155
8 million dollars. The last figure I have in
9 my notes show that 185 million dollar
10 project, and it would classify, as I say, as
11 a destination resort, and they're building a
12 rather large boat. And according to the
13 IUPUI analysis --

14 MR. THAR: Be page 21 for certain
15 summary sheets, certain economic impacts and
16 it show section 1, page 5.

17 MR. VOWELS: When you look at
18 Ameristar's numbers, their annual attendance
19 numbers are well above the Dearborn County
20 averages. They're only exceeded by the
21 Boomtown S.E.S. single license attendance
22 record, the numbers there. Empire's
23 proposal, as we had it submitted to us for

1 investigation purposes, is right behind it.

2 MR. THAR: What are you looking
3 at?

4 MR. VOWELS: These numbers on
5 page 21, the overview of Dearborn County
6 applicants. The numbers that we had during
7 the investigation were 155 million dollar
8 figure, and when we showed up for the
9 hearings, it went to 185.

10 MR. KLINEMAN: That's what my
11 notes show. But Ameristar shows an average
12 attendance of some 500,000 over -- or it
13 shows an attendance of about 500,000 over
14 the average of all the applicants in
15 Dearborn County. And as you come on down,
16 of course, you then fall into a situation
17 where they show a revenue which is some 20
18 million dollars over what the average is.

19 Personally, I thought Ameristar
20 presented a very attractive project. It
21 was, from what the environmental people said
22 and from what we were able to ascertain,
23 they were trying to be cognizant of the

1 environmental problems which exist there.
2 And they were talking a 4 to 1 mitigation
3 program which seemed to be something that
4 was within the realm of possibilities. But
5 you have the problems that the Corps of
6 Engineers rated Ameristar on the wetland
7 problem high and on the cultural problems
8 high. And as I indicated when I referred to
9 this sheet with the other applicants, this
10 is their initial conclusion, not based upon
11 any thorough investigation but based upon a
12 view of the records and the other historical
13 data that they have concerning this site.

14 MS. BOCHNOWSKI: I was extremely
15 impressed with Ameristar's presentation and
16 also the fact that both privately, some of
17 them coming up to me and publicly, the Oxbow
18 group indicated that they had at least been
19 attempting to work together to come up with
20 a solution to this environmental problem
21 which I think is a very real one. You know,
22 again, we're faced with the problem, the
23 east side has the visibility, is the closest

1 to downtown, but it has the environmental
2 problems. So, that's something that we're
3 going to have to weigh in making our
4 decision. But I think Ameristar as a
5 company, their proposal was very strong and
6 I was impressed with them.

7 MR. VOWELS: Right. You know,
8 when I first started reading through all of
9 this stuff we received, Ameristar was the
10 first one, the first packet, that I read
11 through and was impressed with them on
12 paper. They were the first presentation,
13 and I was impressed from that Monday
14 morning, and I stayed impressed all the way
15 through.

16 The thing that does concern me
17 about the conservancy district, and I looked
18 at that statute this week, too, and it's not
19 clear about which way the court would go.
20 And I think there could be a valid -- if a
21 company of the conservancy area got through
22 that hoop, that everything is all right and
23 later want to expand, when we jump through

1 that hoop, again, could be tied up. That's
2 my fear. And the statute doesn't let us
3 move the bets around from one dock site to
4 another. I like them from the beginning to
5 the end, and that was a concern that really
6 hits home with me. And I'm not certain
7 where I stand on that. I wish we could move
8 people around but we can't.

9 MS. BOCHNOWSKI: I have the
10 problem that I don't want to be the one
11 that's responsible for taking a natural
12 resource, and something that's important to
13 Indiana, important to Ohio. As a matter of
14 fact, the state of Ohio has seen fit to
15 actually publicly claim that land and we've
16 got private citizens who have invested in
17 that land, and I don't want to do anything
18 to hurt that. In addition, the conservancy
19 district was formed to alleviate flooding.
20 I'm not sure that a development of this
21 nature will alleviate flooding, so I have
22 some concerns there. But Ameristar is a
23 quality application and something you can't

1 take lightly.

2 MR. KLINEMAN: As to their
3 financing, my notes indicate that they would
4 expect to raise 50 million dollars through
5 an equity placement which they would
6 estimate would take 90 to 120 days and to
7 also have 135 million dollars worth of debt,
8 making a total of 185 million dollars that
9 they now show, and they say the debt will be
10 11 percent interest rate. From everything
11 that we were told, even though the financing
12 is not in place, it is still a viable option
13 based upon their prior record, from
14 everything I understood.

15 Does anyone else have anything to
16 say on Ameristar? Alphabetically we then go
17 into Boyd Gaming. Boyd is on the west side
18 so we're into the traffic problem. There's
19 also an indication that there's a flood
20 plane in the INM property that might cause
21 some concern. According to the Corps of
22 Engineers, Boyd Gaming has a low problem
23 with wetlands but a high problem with

1 cultural things. So, we have -- having
2 granted a license down in Rising Sun, of
3 course, as we put more traffic on US 50, it
4 becomes a concern because the Rising Sun
5 traffic would follow the same path, actually
6 go past Boyd in order to, I think would go
7 past, maybe it was a cutoff before. By,
8 anyway, it is a US 50 problem. That, I
9 guess, would be a little bit of a downside.
10 The upside might be that operating two boats
11 within that range would allow them maybe to
12 operate in a little bit in concert as far as
13 times of cruises and things like that. We
14 wouldn't have people riding across
15 sidewalks, as somebody suggested at the
16 hearings, in order to make the last sailing
17 of the boat. So, there might be some
18 advantage to having these boats, I guess,
19 what, eight or nine miles apart. They
20 wouldn't be very far apart from the west
21 side of Lawrenceburg to Rising Sun.

22 DR. ROSS: I thought that Boyd
23 was an extremely experienced company in the

1 gaming business and financially been able to
2 weather whatever storm they were in and
3 wherever they were. And their financing
4 seems to be reasonable and they seem to have
5 enough cash flow to cover it. Seems like a
6 good company.

7 MR. SUNDWICK: Doctor, I agree
8 with you. I think when somebody says they
9 have 50 million dollars three blocks away or
10 four, or whatever it is, it was impressive.
11 I certainly am a proponent of the east side
12 of the county. But looking at Boyd and a
13 proposal, I think today it talked about
14 helping build a bypass, would certainly
15 alleviate some of the traffic on 50. I
16 thought that was over and above what they
17 had stated in their original proposal. I
18 think to the tune of, Jack, what, some 8
19 million?

20 MR. THAR: That's right.

21 MR. SUNDWICK: Eight million
22 dollars to help offset the cost to help
23 build a bypass around which is needed, so

1 that's very impressive. I think the site
2 certainly is a good site, but I still --
3 obviously the west side of town creates some
4 traffic problems. Another thing I think, I
5 don't think we can forget is they are one of
6 the choices of the city. The city of
7 Lawrenceburg is certainly in favor of Boyd,
8 and I don't think we can take that lightly.

9 MR. THAR: That would be true
10 also of Ameristar.

11 MS. BOCHNOWSKI: Jack, there are
12 estimates, I'm sure you maybe mentioned it,
13 and I kind of got the numbers mixed up in my
14 head, have there been estimates of the cost
15 of that bypass?

16 MR. THAR: No, not anything that
17 have been official. There have been private
18 consulting and engineering groups that have
19 said it can be built for this or it can be
20 built for that. To my knowledge INDOT has
21 not -- it hasn't been decided what kind of
22 bypass it would be. If you're talking about
23 a bypass being basically a 4 million highway

1 swung around, that's a substantially bigger
2 cost than using some existing roads and
3 patching them together so that you have a
4 continuous bypass on a two-lane highway.
5 The 8 million dollars is something that
6 after the presentation Boyd has indicated
7 they would put in towards a bypass.

8 MR. KLINEMAN: The matter of the
9 city endorsement having been brought up, I
10 think I ought to personally, not on behalf
11 of the Commission, express my dismay with
12 the most recent correspondence from the city
13 which was a letter signed by the mayor and
14 all the city councilmen which, rather than
15 being a positive approach to anything,
16 basically said that we couldn't do business
17 with Boomtown S.E.S. for a number of
18 reasons. And that was, in theory, supported
19 by a letter from Peat Marwick which really
20 surprised me because I thought those people
21 were supposed to be experts in analyzing
22 finances and so forth. Instead of that they
23 got down into what I consider rank rumors

1 and put them out as if they were actual
2 facts. And I personally, and I only speak
3 personally, will take that letter into
4 consideration in deciding whether or not the
5 city's endorsement actually is something
6 that we should give a great deal of weight
7 to.

8 MR. VOWELS: Well, we just gave
9 out a license to Ohio County, and the
10 positive approach that was taken in Ohio
11 County, I don't think, can be
12 underestimated. There is nobody on this
13 Commission or anybody on the Staff who
14 aren't skeptical, and we take everything we
15 hear with a grain of salt. And so we're
16 negative enough, I think, in our approach
17 that people don't need to lay that on us.
18 And Ohio County is an example of the
19 positive approach and what can come from a
20 positive approach. And I don't have time to
21 deal with these negatives. I mean, I have
22 to come up here and I have to deal with this
23 along with the rest of my life, and I'm a

1 negative person, anyway. I don't need help
2 from anybody else.

3 MR. KLINEMAN: I don't think
4 you're negative.

5 MR. VOWELS: My point is: I
6 agree with you and she agrees with me.

7 MR. KLINEMAN: Well, at least as
8 far as I'm concerned, to close the subject,
9 we did receive a positive letter from the
10 Chamber of Commerce saying we'll work with
11 anyone you people choose, and I think it was
12 positive. And I was surprised at the letter
13 with the Peat Marwick attachment, in
14 particular, in light of the testimony that
15 was given at the time Lawrenceburg made
16 their presentation when asked a question by
17 one of the Commissioners, Mr. Thar, if you
18 got, if you had a choice between no boat and
19 a boat operated by an unendorsed candidate,
20 the answer to that question was we'd like to
21 have a boat. So, to me it was quite a
22 surprise to receive that correspondence.

23 MS. BOCHNOWSKI: Well, and

1 clearly we have to be considerate of the
2 city's position because they will be
3 impacted by anything that we approve. On
4 the other hand, there are a number of other
5 communities that are almost the same size as
6 Lawrenceburg or are the same size, maybe
7 they're not officially cities, maybe they're
8 not on the river, so because of the way the
9 statute is written, they can't have the
10 boat. But we have to consider the entire
11 county, I think, in this application.

12 MR. KLINEMAN: Well, to finish a
13 little bit on a positive note, I, like Dr.
14 Ross and the others, felt that Boyd, it's a
15 good, solid company. It's got a project
16 that is appealing. It's a destination
17 resort, and it's got a lot of the things
18 that I like. And we'll have to weigh the
19 traffic problem.

20 Anything further on Boyd?

21 MR. VOWELS: They also have an
22 application in Hammond; is that correct?

23 MR. THAR: That's correct.

1 MR. VOWELS: My notes reflect
2 that, of course, they stated that if they
3 receive it here, they will give that up up
4 there, which they have to. That's one
5 plus. And I do look at them as a good
6 company. And if they wouldn't receive it
7 here, I don't think there's any reason they
8 wouldn't make a good showing in Hammond,
9 also. I thought they were a good company,
10 and my notes reflect positive things. They
11 did say they were not going to give any
12 preferance for boat built in Jeffersonville,
13 which that's their choice and is an honest
14 answer. I think Bob got into the local
15 investor question, and I think Bob made it
16 clear that we really don't care who the
17 local investors are, just how they got
18 chosen. If it's somebody's brother-in-law,
19 that's fine. What's the point of knowing
20 somebody if it doesn't do you any good, I
21 guess.

22 MR. THAR: I tell you, Mr.
23 Vowels, I'm not sure Boyd indicated that

1 they would withdraw from Hammond. I was
2 under the impression that they said they
3 would adjust their position in Hammond.

4 MR. VOWELS: My note just says
5 they would give it up. That may be
6 incorrect. I would assume they'll stay in
7 Hammond if they don't receive a license
8 here.

9 MR. THAR: The answer is, if they
10 win a license in Lawrenceburg, they will
11 adjust their position to still be in
12 compliance with our rules for Hammond. They
13 will stay in Hammond if they do not get a
14 license.

15 MR. VOWELS: Either way, we may
16 see them again if they don't work it out
17 this time.

18 MR. KLINEMAN: Anything further
19 on Boyd? If not, we will move on to Empire.
20 Empire was the one that there were going to
21 be substantial changes of ownership in their
22 proposal and presentation to the Commission.
23 It caused us some concern because even

1 though we had made an investigation of one
2 of the new proposed owners, there were
3 several proposed owners that we had not
4 investigated, and it really caused us a
5 problem. Now, there are those who might
6 think Ewing Hyatt has a non-owner but rather
7 as a financing agency. And action we took a
8 few moments ago is the same, so to speak, as
9 having new ownership. And I think this
10 Commission takes the position that we need
11 to conduct background investigations, and we
12 need, therefore, to set a time limit when
13 that ownership will not change so we can
14 conduct our investigation and see if these
15 are people we want to grant a license to.

16 In the particular Hyatt situation
17 we did, in fact, get an unconditional
18 commitment from the Hyatt group that they
19 were going to provide the financing, and in
20 that view I look at them just like NBD or
21 First National of Las Vegas or whatever.
22 They are the financing agency. They've made
23 an unconditional commitment. We wouldn't

1 investigate NBD or First National of Las
2 Vegas. So, even though we understand and
3 we're not playing games, we understand
4 they're going to be applying to become
5 owners. We, at least, could, in theory,
6 turn down the application to change the
7 ownership, and they would still be in place
8 as a financing agency.

9 The presentation from Empire did
10 not do that. They basically were changing
11 the ownership, and that transaction,
12 apparently, took place like Friday afternoon
13 before we had our hearings and caused us
14 some concern. I guess there's been some
15 communication now that they would assume a
16 Hyatt-like position in this. The new people
17 would provide financing without a
18 commitment.

19 MR. THAR: One of the pieces of
20 information that was submitted was submitted
21 on behalf on Empire, the booklet with the
22 same type of binding as this one cover,
23 basically indicated that they wouldn't be in

1 a financing position but then applying for
2 an application much like Hyatt. What I was
3 unable to glean from reading that booklet is
4 whether or not the Kenny group, as it was
5 called, was guaranteeing 300 million dollars
6 or 40 million dollars, and that's what I,
7 the question that I have. I couldn't tell
8 from representation. And the time of the
9 hearing, they originally indicated they were
10 going to provide 40 million or 300 million.
11 Subsequently they believed their net force
12 was sufficient to fund the whole thing.
13 That question remains open.

14 MS. BOCHNOWSKI: Maybe they can
15 answer it now. They're here.

16 MR. KLINEMAN: Will you state
17 your name, Mr. Kenny.

18 MR. KENNY: Yes. Phillip Kenny
19 with the Kenny group. Relative to that
20 letter, it's very much a structure
21 comparable to the Hyatt proposal and that is
22 an equity instrument and there's also a debt
23 instrument that was attached to that.

1 Seeing that there is conversion, upon
2 approval by the Gaming Commission that we
3 would convert from that position into equity
4 owners. And it was a non-conditional
5 commitment. The letter to back up from
6 Iaccoca Capital is not a highly confidential
7 letter, it is a guaranteed letter.

8 MR. THAR: The question is what
9 is the total amount guaranteed?

10 MR. KENNY: I believe it was 300
11 million, 40 million of equity, 260 million
12 of debt for the full amount of the project.

13 MR. KLINEMAN: Now, this isn't a
14 reflection on you, Mr. Kenny, or any of the
15 Kenny group. These are top notch people.
16 From everything you've told us about them,
17 they are really outstanding people, but it
18 does present this difficulty which I've
19 expressed in trying to investigate and grant
20 licenses to those people who are qualified
21 under the statute without having the
22 opportunity to make that kind of background
23 investigation. And that excludes you, of

1 course, because we've done your background.
2 But these other people, Robinson and Herb
3 and Paulson, those people, we haven't have
4 had an opportunity.

5 MR. KENNY: The financing was
6 based on pending approval by the Gaming
7 Commission, those positions.

8 MR. VOWELS: Wait a minute. What
9 do you mean? Say that again.

10 MR. KENNY: The equity -- the
11 commitment on the financing is an
12 unconditional commitment, okay, debt and
13 equity to the project. The people who are
14 committing the equity portion as an
15 unconditional equity commitment, they would
16 convert into the ownership position if
17 approved by the Gaming Board.

18 MR. THAR: I've got a problem
19 with that. How do you get an equity
20 position without five percent or more
21 without having the approval of the Gaming
22 Commission?

23 MR. KENNY: No, that's with the

1 approval of the Gaming Commission.

2 MR. THAR: So, it starts out as
3 300 million in debt?

4 MR. KENNY: No, 40 million of
5 equity, 260 debt.

6 MR. THAR: How do get the 40
7 million of equity if you haven't been
8 approved by the Gaming Commission?

9 MR. KENNY: It's unconditional.

10 MR. THAR: Just s an investment?
11 You're going to be a stockholder? You're
12 going to have more than five percent of the
13 stock?

14 MR. KENNY: Yes.

15 MR. THAR: That requires
16 approval?

17 MR. KENNY: Correct.

18 MS. BOCHNOWSKI: But if you're
19 not approved, where do you stand?

20 MR. KENNY: The relative --

21 MS. BOCHNOWSKI: Let's assume
22 you're not approved, your group is not
23 approved, what happens then?

1 MR. KENNY: The equity partner,
2 if it's not approved, is basically it's
3 structured as such that we no know that
4 through the approval process we assumed and
5 made that assumption that the partners would
6 be approved. And anyone who moves into that
7 position who is not approved on the equity
8 side of the equation, so that if one partner
9 is not approved, the liability of that moves
10 into the equity position.

11 MR. VOWELS: Let's just assume, I
12 think what Ann just said, that the applicant
13 that we saw before us in all the books is
14 the only owner for the next five years, what
15 you proposed, you come in, six months down
16 the road and we say no. What happens then?

17 MR. KENNY: As far as the --

18 MR. VOWELS: As far as the new
19 people that we saw in a couple weeks ago,
20 Mr. Schilling has been -- he was in there
21 from the get-go, right?

22 MR. KENNY: It would be a loan,
23 obviously.

1 MR. THAR: A 300 million dollar
2 loan?

3 MR. KENNY: I'm going to ask Mr.
4 Miller to step in, also.

5 MR. MILLER: I'm Robert Miller.
6 The basic equity debt of the structure
7 worked the same way in its condition in that
8 the principals who have a substantial net
9 worth have asserted that they will provide
10 funding for the project the way that they
11 proposed to proceed and to provide 40
12 million dollars in equity and then raise the
13 rest the debt. However, that if they're not
14 suitable, that they will provide it as a 100
15 percent loan. Does that answer your
16 question?

17 MS. BOCHNOWSKI: Then would the
18 interest rate change from 11 percent to a
19 higher rate?

20 MR. MILLER: No. Basically, the
21 assumption is is that the individuals -- of
22 course Mr. Paulson is licensed through Full
23 House, is owner and principal of Full House

1 which operates casinos. The assumption
2 really is is that the principals are
3 suitable. Mr. Herb who is one of the
4 largest employers in the state of Indiana,
5 who is the largest advertiser in the state
6 of Indiana, these are people that would be
7 licensed, and that's the assumption.

8 But it is an unconditional
9 guarantee for the funds by people who have
10 the assets of the management to fund the
11 project.

12 MR. KENNY: Erie is also licensed
13 in the Ohio jurisdiction.

14 MR. KLINEMAN: Well, let's move
15 on. The Empire project is more on the east
16 side of Lawrenceburg. It has the
17 designation from the Corps of Engineers of
18 high in wetlands and high in cultural
19 resources, and it does have a mitigation
20 problem with the wetlands. According to my
21 notes they were talking about two for one
22 mitigation ratio, but I'm not sure that
23 that's correct.

1 MR. VOWELS: I think I had three
2 or four to one in my notes.

3 MS. BOCHNOWSKI: That's what I
4 have.

5 MR. KLINEMAN: Anything further
6 on Empire?

7 DR. ROSS: I think one of the
8 things that impressed me with Empire was
9 their minority plan that they had crafted
10 with the NAACP. It was a percentage of
11 their income as they as they went along
12 annually, I can't remember the exact facts
13 and that, but as I recall it was an
14 excellent minority situation.

15 MR. KLINEMAN: And they were
16 trying to solve the problem of the traffic
17 even on the east side with a ramp over
18 I-275, the on and off situation.

19 Anything further on Empire? We'll
20 move on to Indiana Gaming which is Argosy,
21 Ventura and Conseco. They are inside the
22 levee for the most part. They have a rather
23 restricted site because of the levee and its

1 relationship to their site as far as the
2 number of acres that they have to work with.
3 The Corps of Engineers shows them as high in
4 wetlands resources and high in cultural.
5 They are not, however, on any conservancy
6 land, at least at the present time, although
7 I think that they indicated that they would
8 think about any expansion into the
9 conservancy area, if I remember correctly.
10 They were ones that originally had a 100
11 room hotel, but as I indicated at the top,
12 they are now willing to, according to the
13 latest communication I've seen, to increase
14 that hotel when they reach 70 percent
15 occupancy or in the alternative build 300
16 rooms now. So, as you can see, people are
17 becoming a little more flexible.

18 MS. BOCHNOWSKI: Well, this
19 company is on the east side, yet they've
20 been able to put their property, at least
21 the initial investment, into a
22 non-conservancy district area. So that, you
23 know, that took some thinking, you know,

1 some realization of the problems, and I
2 appreciate that. Also, this is an Indiana,
3 one of the major players in this is an
4 Indiana company, and clearly they've got the
5 financial strengths to carry out this
6 project, so I think that this is a strong
7 candidate for the certificate that we're
8 looking at.

9 MR. SUNDWICK: I certainly would
10 commend the applicant going from 100 rooms
11 to 300 rooms. I also, because I am a
12 somewhat in favor of the east side because
13 of traffic and the commitments that your
14 company's made see you as an excellent
15 candidate. I think their project and
16 probably along with Ameristar's would help
17 downtown a lot. We certainly have received
18 information or letters from people of
19 Lawrenceburg or businessmen of Lawrenceburg
20 talking about the improvement of their
21 downtown, of their community, which we're
22 all interested in.

23 As Ann said, I think that Indiana

1 -- it's an Indiana company, certainly well
2 financed, and I just think a good, solid
3 presentation. I'm a little concerned about
4 the 7.2 acres, I believe it was, and the
5 expansion, and they might be able to clear
6 this up. I think that they intended their
7 expansion, it is at least to my
8 understanding, was west into the community
9 and not east into the conservancy district?
10 Am I right?

11 MR. RUSTHOVEN: That's correct.

12 MR. SUNDWICK: So, all the
13 explanation would be into the community
14 inside the levee, am I correct?

15 MR. RUSTHOVEN: That's correct,
16 sir.

17 MR. KLINEMAN: Well, I stand
18 corrected, then. I guess I didn't -- I
19 haven't seen anything that -- the plan that
20 I found in the annual report, Argosy showed
21 it into the conservancy district, but that
22 was plan three or four or something, and
23 that's not the one we're going with now.

1 There is, in fact, land available, somebody
2 could answer that for me, land available
3 adjacent to the site that you previously
4 proposed which would still be inside the
5 levee and not in the conservancy district
6 which would house an additional
7 development?

8 MR. RUSTHOVEN: Mr. Chairman,
9 Peter Rusthoven of Barnes & Thornburg. The
10 answer to that question is yes. That land
11 has been optioned by others and has been
12 made available to us and is now effectively
13 under our control. It's approximately 6.5
14 additional acres that would describe the
15 west side of the site and would not go into
16 the conservancy district.

17 MS. BOCHNOWSKI: How does that
18 impact neighborhoods there? I'm trying to
19 picture it, and it seems like there's homes
20 there?

21 MR. RUSTHOVEN: Ms. Bochnowski,
22 it does not have an adverse impact on the
23 neighborhoods. Obviously, some of the

1 people who have optioned owned property, but
2 they seemed to have been very happy with
3 having been able to do that.

4 MR. SUNDWICK: After driving
5 through that part of the community, I'm sure
6 they would be very to option that 6.5 some
7 acres to you.

8 MR. RUSTHOVEN: They seemed to be
9 pleased, Commissioner.

10 MR. SUNDWICK: Let me ask a
11 question to you. I understand your proposal
12 was to -- tell me about your proposal on
13 traffic flow just real briefly.

14 MR. RUSTHOVEN: Thank you. What
15 Mr. Hilbert of Conseco and Mr. Long of
16 Argosy, after the Commission's hearings in
17 Vevay, were quite sensitive to some of the
18 traffic issues that were discussed by the
19 local people. And the solution that they
20 came up with was to purchase the rights to
21 the Central Indiana Railroad which runs
22 directly down and on which we can build
23 direct access road off 275. It also has the

1 added advantage, because it -- if you raise
2 it up 10 inches, which we plan to do, you
3 have then created a levee that opens up to
4 development property in Greendale that would
5 otherwise not be available for use.

6 MR. SUNDWICK: I think we have a
7 letter someplace from the Greendale people
8 that proposed that if that happens, they
9 could certainly use that land, from my
10 understanding.

11 MR. RUSTHOVEN: That's correct.

12 MR. KLINEMAN: Just like
13 everything has ebbs and flows or ups and
14 downs, it is my understanding that the
15 environmental people were somewhat concerned
16 about making the levee out of the Central
17 Indiana Railroad, and that would have an
18 adverse effect on the Oxbow.

19 MR. VOWELS: I think the original
20 investment showed 138 million and by the
21 time we got to the hearing it was 108
22 million. Is that where it ended up?

23 MR. RUSTHOVEN: Correct.

1 MR. VOWELS: A boat 20.5 million
2 and gaming equipment at 14.5 million. This
3 was also an endorsed candidate, the original
4 endorsed candidate.

5 MR. SUNDWICK: Certainly the
6 proximity of downtown is favorable, the fact
7 that it does help the downtown community.

8 MR. VOWELS: The line-up in the
9 management, I mean, it certainly is
10 experience from what we've seen here. I
11 think it's impressive.

12 MR. KLINEMAN: Nobody can dispute
13 what an economic impact Conseco has had on
14 this area of central Indiana, those of you
15 who aren't from central Indiana can't
16 realize, it's been quite a boom in the sense
17 that it's a very quality operation, and it
18 employs a lot of very talented people which
19 add to the pool of talent in central
20 Indiana. And so they are a very substantial
21 factor there.

22 MR. VOWELS: The last word, was
23 it a 300 room hotel; is that right?

1 MR. THAR: One hundred has
2 presented, 300 at either 70 percent or if we
3 asked them to.

4 MR. KLINEMAN: And the asking
5 would just be scratching your ear or
6 something.

7 MS. BOCHNOWSKI: I have a feeling
8 we've asked for a lot.

9 MR. VOWELS: I never get anything
10 personally.

11 MR. KLINEMAN: Well, it isn't the
12 prerogative of myself or really the
13 Commission, really, to dictate what people
14 do with their own private money.

15 MS. BOCHNOWSKI: Sure it is.

16 MR. KLINEMAN: I'm kind of hung
17 up on envisioning this as a destination
18 place, you know, even a stop-over place back
19 and forth from Florida. If there was a nice
20 facility there, they might decide instead of
21 chasing the kids around Disneyland they'd
22 like to have some fun for themselves.
23 Anyway, I can envision a lot of reasons to

1 make it a destination.

2 Anything further on Indiana
3 Gaming? If not we'll move on to Lady Luck.
4 Lady Luck, you know, a lot of ways had the
5 most innovative proposal, the facility just
6 off I-275 connector with the boat downtown
7 with the rail service in between and so
8 forth, I mean, it showed some real
9 imagination. And as a result of that it got
10 a good send-off from the environmental
11 people. It got a good send-off from the
12 Corps of Engineers. As far as wetlands,
13 there were none. And as far as cultural,
14 there were none. And they placed themselves
15 in a very good position that way.

16 I guess and they were talking
17 about a 500 room hotel. And I guess their
18 only environmental question they had was the
19 RV lot or extra parking, or whatever it was,
20 which was across the Highway 50 on the side
21 towards the Oxbow and so forth that might
22 create some problems, but I'm sure that
23 would go away if everything else were equal.

1 I guess they didn't illustrate, at least to
2 me, the kind of financing package that I
3 think we've seen in some of the other
4 applicants.

5 MR. THAR: Subsequently, as part
6 of the additional materials which has been
7 too voluminous on those to absorb, come up
8 with a financing package involved. The
9 information on that was about four inches
10 thick, and that has been available for
11 Commission to review. But as of the date of
12 the presentation, they do not have a
13 financing package with Primadonna or any
14 other entity.

15 MS. BOCHNOWSKI: Can you tell us
16 what is Primadonna? Is that a gaming
17 company?

18 MR. THAR: I apologize that I
19 have not been able to get through it and
20 review all of the other stuff, is part of
21 the major problem with this type of critical
22 information coming in at that hour.

23 MS. BOCHNOWSKI: Right.

1 MR. VOWELS: You know, we looked
2 at the Mississippi operations, and it seems
3 to be some unfortunate circumstances
4 financially that went on in Mississippi.
5 Which I think we need to take into
6 conversation because probably the increased
7 competition that went down in Mississippi
8 really put the squeeze on people.
9 Hopefully, we won't see any of that for
10 awhile from Kentucky and Ohio, but I think
11 that's something we have to consider and
12 what the past record is on companies and
13 their strength to face that competition.

14 MR. KLINEMAN: And what concerned
15 me was the fault which existed on the
16 bonds. And we were advised that they were
17 in the process of trying to re-negotiate,
18 but basically those bonds were all due and
19 payable. And, obviously, the entity didn't
20 have the money with which to pay them, so
21 the creditors were going to be in a position
22 of having to compromise the original
23 position that they had negotiated for which

1 was a bond of a certain maturity and certain
2 interest and so forth with certain
3 covenants. The covenants having been
4 violated, the bonds were due, and basically
5 they're going back to try to re-negotiate
6 those terms. That bothers me some because
7 of the -- because those things are really
8 contracts, and if you breach them, you
9 breach them.

10 Anything further on Lady Luck?

11 MR. VOWELS: What was the Corps'
12 attitude, I didn't bring my list here, the
13 low and high on the cultural?

14 MR. KLINEMAN: Lady Luck was none
15 and none.

16 MR. SUNDWICK: I would tell the
17 people of Lady Luck their proposal was
18 probably the best vision, I think. I mean,
19 certainly with trying to consider the
20 traffic flow, understanding the problems of
21 downtown Lawrenceburg, you ought to be
22 commended on the vision. I think you've had
23 a good lot of work and it was an excellent

1 proposal.

2 MS. BOCHNOWSKI: I agree. And I
3 got the impression there were a group of
4 really committed citizens who had started
5 this project, and I really like that. I
6 feel though that we have some serious
7 problems with some of the past history, but
8 I did like the proposal.

9 MR. MILCAREK: I thought it was a
10 decent proposal. The thing I liked about it
11 was the suggestion of the rail traffic from
12 Cincinnati to Indianapolis. I thought that
13 was a plus. And I believe they mentioned
14 something about the possibility of a
15 riverboat, not gambling boat, but some kind
16 of river traffic running passengers from
17 downtown Cincinnati, and I thought it was a
18 definite plus.

19 MR. KLINEMAN: Anything further
20 on Lady Luck? If not we'll move on to
21 S.E.S. Boomtown, which I guess S.E.S.
22 Boomtown Hilton now, one of the late
23 starters. That's a very attractive proposal

1 on the west side. It obviously, therefore,
2 has the traffic problems on the same INM
3 property that Boyd's proposal is on, would
4 have the same ups and downs vis-a-vis the
5 traffic. It, likewise as Boyd does, it
6 shows a wetlands, according to the Corps of
7 Engineers, being a low category. And it
8 shows the cultural being in a high category.

9 We subsequently have had some
10 conversation with, I guess it might even
11 have been at the hearing, things are
12 starting to float a little bit, about this
13 cultural thing. Nobody is really going to
14 know until they really do the trenching and
15 really dig and see what's there, but they
16 rely upon historic documents which from
17 which the Corps comes up with that.

18 MR. THAR: What actually happens
19 here, and we talked about Dan Foggerty who
20 made a presentation with the Department of
21 Natural Resources, the way this shakes out
22 is this: Every site in Dearborn County and
23 historical and archeological categories that

1 divisions figure, has an archaeological
2 consideration because of where it's located
3 and property and soil. As of yesterday
4 three companies had done archaeological work
5 to date. Those three companies were
6 Ameristar, Indiana Gaming and S.E.S.
7 Boomtown. Of those three companies, S.E.S.
8 Boomtown has progressed furthest. They have
9 four known sites located on their property
10 that will be mitigated. But the work with
11 regard to the archaeological aspect with
12 regard to that company is further advanced
13 than the other two, and those three are the
14 only ones that have done anything. It's
15 that input from the Department of Natural
16 Resources that is then given to the Army
17 Corps of Engineers as part of their
18 consideration.

19 MR. KLINEMAN: S.E.S. has caused
20 some concern concerning whether or not the
21 project that they're proposing could
22 actually be built for the dollars that they
23 say it will cost. I guess all of the

1 applicants should understand that this
2 Commission buys into the project that has
3 been proposed to us, and we would expect
4 that that's what we would get whether it
5 would cost more money than what you had
6 proposed to put in the project or not would
7 be not of our concern. We would expect that
8 that project would be delivered as
9 represented to us, and we wouldn't expect to
10 hear that we've had some cost overruns so
11 we've cut the rollercoaster inside the
12 building or something else. So, I just
13 mentioned the amount of money that was shown
14 to finance this project would probably lead
15 to be increased, at least according to the
16 experts on this Commission.

17 MR. SUNDWICK: I think that the
18 presentation made by Boomtown was an
19 excellent one. I think their vision in
20 trying to make Dearborn County a destination
21 was a good program. I was especially
22 impressed with their profit-sharing, or I
23 don't want to say profit-sharing, I guess,

1 revenue sharing with the county. And I know
2 that they had the backing of the county and
3 that which is important. I think there's
4 44,000 people or something like that in
5 Dearborn County. And tapes you listened to,
6 the majority of your townships and cities
7 approve your sharing program.

8 I asked at that same time, and I
9 would say it again today, that since you
10 weren't a selected by the city, now you have
11 another problem, if selected to try to deal
12 with the city, which would concern me a
13 lot. We discussed some letters here today,
14 but I would think that smarter men would
15 prevail and come up and learn to work
16 together. But I think the city can't be
17 forgotten if, in fact, this company was
18 awarded the certificate of suitability.

19 MR. KLINEMAN: And I would join
20 in that, having said what I meant to say and
21 wanted to say about the city in their recent
22 letters. I would also that say that if
23 you're going to be a citizen of

1 Lawrenceburg, that it would be important for
2 you to supply those things which the
3 infrastructure needs in order for an
4 operation to be successful. We wouldn't
5 intend that the citizens of Lawrenceburg be
6 burdened with costs for infrastructure in
7 view of the people if you're the people
8 really causing the need. So, I wouldn't
9 want to hear any discussions about
10 Lawrenceburg thinks it's going to cost 15
11 million dollars and we only think it will
12 cost 12.5, so we're only going to give
13 12.5. I think there has to be a lot more
14 cooperation than that kind of conversation
15 would indicate.

16 MR. SUNDWICK: I'm also glad that
17 Mr. Hilton found it favorable to increase
18 150 hotel rooms to a destination of more
19 than 150. So, whoever is here from Hilton
20 Hotels ought to be commended in that
21 change. And hopefully you can get that done
22 with the appropriate funds, if that comes to
23 pass, because I'm sure it will cost a few

1 more dollars to out a hundred or two hundred
2 more hotels room on.

3 MR. VOWELS: Good thing, too,
4 about Hilton, it has to be clear that
5 Hilton's relationship to S.E.S. Boomtown is
6 just as high at it was to Rising Sun. They
7 told us in the hearing that the financing
8 was guaranteed even if any ownership
9 interest was denied in the future, and
10 that's important. That's important to me
11 from the respect, from the perspective that
12 there had been applicants in the past who
13 wanted to amend and come in and denied it.
14 Anyone who comes along later and wants to
15 have an ownership interest after the
16 deadline has passed, I'm not in favor of
17 that. I like people who play by the rules,
18 and I didn't get that feeling from Hilton.

19 I think they understood what the
20 score was here and that they had to give us
21 unconditional financing here. And they
22 promised that knowing that it's quite
23 possible that we could deny the ownership

1 interest later down the road. We've never
2 been faced with that because we haven't had
3 a boat in the water yet, and I don't know
4 how I would react at that time, but I would
5 certainly stand on principle. So, nothing
6 sudden be taken from granted, at least from
7 my vote. Think about S.E.S. Boomtown, and
8 although they didn't receive the city
9 endorsement, they basically received the
10 cities anti-endorsement based upon the
11 correspondence that we've received. They did
12 receive the county council endorsement with
13 a large part of that Dearborn County
14 population outside of Lawrenceburg. I think
15 that's important.

16 We heard about the referendum yes
17 votes and about what the population was
18 inside of Lawrenceburg versus outside, and I
19 think that was important. I wrote down the
20 figures, I'm not going to recite them here
21 because they may not be absolutely on the
22 money here. One thing to consider, too, is
23 with the non-endorsed applicant,

1 Lawrenceburg's commitments to an endorsed
2 applicant was a revenue sharing plan. So, I
3 guess the flip side of that is if we would
4 grant the certificate of suitability to a
5 non-endorsed applicant, Lawrenceburg would
6 receive all of their revenue sharing plan
7 so, therefore, would be making more money
8 off a non-endorsed candidate.

9 What the personality breakdown was
10 between this applicant and the city, if we
11 give the certificate of suitability to
12 S.E.S., has to be somehow that those fences
13 have to be mended, you know. There was some
14 reference to a shotgun wedding and, you
15 know, that's --

16 MS. BOCHNOWSKI: Well, all along
17 we've sensed tension between different
18 communities in this area, and this just may
19 be a reflection of that. I guess we can't,
20 the Commission can't take all of these
21 problems that have developed over
22 generations, but it would seem to me that
23 the city of Lawrenceburg is going to have to

1 be a little more generous with the rest of
2 the county, that there's going to have to be
3 more accommodations here. And it really is
4 bothering me all of this antagonism that
5 we've heard from day one, and it's just got
6 to be -- it really isn't going to benefit
7 anybody. This is an opportunity for the
8 county to make some money, to be able to do
9 some economic development. And I really
10 think that whatever we choose, whoever we
11 choose, everybody is going to have to figure
12 out a way to make it work.

13 MR. VOWELS: Of course I don't
14 think we have to think back too far in our
15 memory of what happens when a non-endorsed
16 applicant receives a certificate of
17 suitability with the city's attitude maybe
18 toward that applicant.

19 MR. SUNDWICK: I think it's about
20 11 o'clock, a couple hours in there I think
21 we probably gave everybody back. And I
22 guess the point is, if it doesn't go our
23 way, then you get to come back and sit here

1 again. And you can see what happened if you
2 were here this morning.

3 MS. BOCHNOWSKI: That's okay, Bob
4 we can work it out.

5 MR. MILCAREK: I thought the
6 Boomtown S.E.S. was excellent, and it's
7 pretty high up on the list. I wanted to
8 note that the Corps of Engineers'
9 application say this is complete. I like to
10 take that into consideration. The
11 possibility of getting the boat on the
12 temporary site probably a little bit sooner
13 than anyone else, I think that that's a
14 positive note. I also want to say that
15 there's some articles about building in a
16 floodway. And according to the Corps of
17 Engineers last week they said that it was
18 possible to change that rating from a
19 floodway to a non-floodway. And I think we
20 should take that into consideration, and
21 there's some other problems with the site.

22 MR. THAR: I would point out that
23 as a part of your packet one of the other

1 applicants submitted some research
2 indicating that may not be true with regard
3 to that particular site.

4 MR. VOWELS: What wouldn't be
5 true?

6 MR. THAR: There is legal
7 problems with building at Boomtown Boyd
8 site. They didn't -- another applicant for
9 Dearborn County not at that site raised that
10 issue. It's not new.

11 MR. SUNDWICK: But it's valid?

12 MR. THAR: Don't know if it's
13 valid. I just want this Commission to know
14 that the Army Corps of Engineers appears to
15 say that site may be a little bit more
16 buildable than others, that there is an
17 applicant that has raised the issue with
18 that.

19 MR. KLINEMAN: Well, as I spoke
20 before briefly, financing concerns me. You
21 know, Hilton coming in is a real positive,
22 but the amount of money they've committed the
23 to the project minus the amount of money you

1 propose to pay them for their boat, which I
2 guess I have reached the conclusion that it
3 might not have been an arms length
4 resolution, would lead me in a position
5 where I feel a little insecure getting the
6 project delivered with the financing that be
7 needed. I guess that's all.

8 MR. VOWELS: The numbers on the
9 boat, let's talk about that a second. Mr.
10 Hilton was going to sell his boat?

11 MR. KLINEMAN: The Louisiana
12 boat.

13 MR. SUNDWICK: I guess it's 24
14 and 26 million. Am I right?

15 MR. KLINEMAN: That's wrapped up
16 in the '95?

17 MR. SUNDWICK: I don't think so.

18 MR. SUNDWICK: If Mr. Hilton sold
19 the boat, would sell you the boat for 24
20 million dollars?

21 MR. PARROTT: Correct.

22 MR. SUNDWICK: He then, in fact,
23 put 19 million dollars into the program?

1 MR. O'BRIEN: That's correct.
2 Michael O'Brien with Hilton. We're prepared
3 to sell a fully-equipped boat, which I think
4 is the important point, into the project for
5 24 million which is the boat plus all of the
6 gaming equipment.

7 MR. SUNDWICK: And then Mr.
8 Hilton characterized he had 19 million
9 dollars come into the project for 25
10 percent?

11 MR. PARROTT: That's correct.
12 There are dollars which are committed.
13 Hilton is essentially funding the temporary
14 operation, selling the boat into the
15 temporary operation, and then putting
16 effectively an additional 19 million dollars
17 available for the permanent facility.

18 MR. SUNDWICK: And they've got
19 the financing through 95 million dollars?

20 MR. PARROTT: And we have secured
21 and have an unconditional commitment for the
22 95 million which Hilton guarantees.

23 MR. VOWELS: Was there deal about

1 the sewage treatment, they talked about 12.5
2 million to Lawrenceburg, was that what that
3 was talking about, taking care of that
4 deal? Because Seagrams was talking about
5 they may have to move if they have to pay
6 for it, so that put us down to a choice
7 between gambling and whiskey, which is kind
8 of funny. My mother would be so proud.

9 MR. KLINEMAN: That's what Hugh
10 Grant said. We've got to break the tension
11 once in a while, I guess.

12 MR. VOWELS: Was that it as far
13 as the 12.5 million in Lawrenceburg and that
14 was pretty much for that water treatment or
15 sewer treatment?

16 MR. THAR: My understanding is
17 Lawrenceburg projected the cost of that
18 sewage treatment plant around 10.5 million.
19 Boomtown S.E.S. Boomtown committed to 12.5
20 million to the city. That's it. That, of
21 course, is less money than was guaranteed to
22 the city from any of the endorsed candidates
23 but also agreed to do the sewage treatment

1 plant.

2 MR. VOWELS: Out of that 12.5
3 million?

4 MR. THAR: I believe out of the
5 12.5 million, 10.5 million was the estimated
6 cost of doing the sewage treatment.

7 MR. VOWELS: Well, I guess the
8 question would be have they committed to the
9 sewage treatment plant so we can say we
10 don't care what it cost, you can pay for
11 it?

12 MR. THAR: They committed 12.5
13 million. They say the city can spend it how
14 they want. You'd have to ask them. I don't
15 remember that point.

16 MR. PARROTT: Tim Parrott from
17 Boomtown. The answer is, yes, we are
18 committed.

19 MR. KLINEMAN: You're going to
20 have to speak a little louder. The court
21 reporter can't get this.

22 MR. PARROTT: I'm Tim Parrott
23 with Boomtown. The answer is, yes, we are

1 committed to the sewage treatment plant.
2 That was our estimate of the cost it would
3 cost to complete the plans necessary.

4 MR. SUNDWICK: You felt that it
5 would cost that much, also, your testimony
6 earlier you said you gave 12.5 million
7 dollars, but we don't think it will cost
8 that much.

9 MR. PARROTT: Yeah, our estimate
10 was going to be less than that based on our
11 engineers, correct.

12 MS. BOCHNOWSKI: And I don't
13 remember, have you committed anything to
14 roads or a potential bypass or have you
15 looked at that issue because of your
16 location?

17 MR. PARROTT: Someone else might
18 back me up, too, because what we agreed to
19 in typical development issues is that we
20 would expect to pay for anything that we
21 caused the impacts, etcetera. The bypass,
22 we're all for that, too, but we haven't seen
23 any estimates that we could use as real --

1 certainly would be in our best interest,
2 also. The road improvements and anything
3 that is impacted that we create, we're
4 prepared to stand behind it and pay for it.

5 MR. KLINEMAN: Anything further?

6 MR. VOWELS: Did we ever get an
7 answer about what their cost estimate would
8 be and the fact that it may exceed that
9 particular quote coming in, that they're
10 committed to X project no matter what it cost
11 them?

12 MR. KLINEMAN: Well, that's a
13 very good question, and we can have him
14 answer that. I also had received the new
15 proformas, and I cannot read them. I cannot
16 see the debt that you're talking about.

17 MR. PARROTT: Is this on the
18 financing, Mr. Chairman. I think what's
19 important, and Hilton can stand up if they
20 disagree, but we and Hilton jointly, which
21 obviously them being strongly, have a
22 project with full financing commitment now
23 of 178 million dollars, I believe, which is

1 20 million dollars over the estimate we have
2 for our project just as a reserve. As we
3 have stated before, and I think Mr. Hilton
4 did also, we are committed to deliver the
5 project that you looked at, and the cost
6 responsibility is ours. We do happen to
7 have the very detailed estimates from Geupel
8 DeMars on the project. This is not blue
9 sky. We have built three projects last year
10 and have a sense, as has S.E.S. and Hilton,
11 as far as costs. So, we're certainly
12 respectful of your concern of the total
13 project cost, but we already have
14 contingency financing in place for a
15 considerable amount of excess now.

16 MR. KLINEMAN: And how many rooms
17 are we talking about, still the 150 at the
18 178 million estimate?

19 MR. PARROTT: No, I think Mr.
20 Hilton said it best, and he was thinking 300
21 to 400 rooms minimum to start with. I don't
22 think he's ever seen a 150 room Hilton
23 before.

1 MR. SUNDWICK: The second part of
2 that was that, you know, you didn't have
3 that 300 to 400 group with 178 million
4 dollars, that wasn't part of it?

5 MR. PARROTT: Again, we are, as
6 you recall, even the two license scenario,
7 we were look at financing of 220 million.
8 We are prepared to complete the project as
9 it necessary, and the cost as it has always
10 been for us, and I'm sure other applicants,
11 is our burden to bear. But the 300 room
12 plus commitment is in addition to building
13 the project that we presented to the
14 Commission last week.

15 MR. KLINEMAN: So, it is a
16 minimum of 300 rooms now?

17 MR. O'BRIEN: That's correct, Mr.
18 Chairman. Mr. O'Brien from Hilton. I would
19 confirm that. The minimum hotel that we
20 will commit to build in this project will be
21 300 rooms.

22 MR. KLINEMAN: And that will be
23 part of the initial project, it's not going

1 to be something that's coming along later?

2 MR. O'BRIEN: That's correct.

3 We've had this balancing act in terms of

4 what we tell the Commission with respect to

5 the original application and then some of

6 the refinements of that original

7 application. We will build as a part of

8 Phase One from the get-go a 300 room hotel.

9 MR. KLINEMAN: Well, I might say

10 that, you know, your rollercoaster, I'm not

11 too sure I want to ride it outside during

12 the winters down in Lawrenceburg, because I

13 notice it runs partially inside the building

14 and partially outside. But it certainly has

15 some pizzazz to it, and I think you would

16 tend with that. And I think I saw it.

17 Anything further about Boomtown

18 S.E.S. Hilton? Well, I think that kind of

19 brings us to the end of going through the

20 applicants one by one. I think I would note

21 for the record that we have, in fact,

22 received non-compete representations from

23 each one of the applicants. Since I have

1 indicated before, I'm not in a position to
2 negotiate it, but at least we've got some of
3 them, or maybe for a smaller distance than I
4 would have liked, but I'm not going to get
5 into that particular aspect of it.

6 Anybody have anything they want in
7 addition to what I've already taken out in
8 connection with Lawrenceburg?

9 MS. BOCHNOWSKI: Well, it's just
10 that we got a number of letters in the last
11 minute that indicated some support for the
12 east side location from some businesses, so
13 I don't know if that is a concern that
14 putting it on the west side will, in fact,
15 impact negatively on the downtown, but I
16 know that the environmental concern is a
17 strong one for me.

18 MR. THAR: We have received
19 letters supporting each of the applicants
20 from different constituents. For instance,
21 one of the letters that have come in
22 suggests that Boyd Gaming does the best job
23 of integrating downtown to their project

1 without adversely impacting --

2 MS. BOCHNOWSKI: And they have a
3 trailway system to the downtown?

4 MR. THAR: Yeah. And so that is
5 a matter of everybody has some support
6 somewhere from them.

7 MS. BOCHNOWSKI: Okay. So that
8 it all kind of washes out, in other words?

9 MR. THAR: Well, I'm not going to
10 say that it washes out, I'm just saying
11 there's letters in support of almost every
12 applicant and almost every area. The most
13 negative; that is, letters saying we do not
14 want this particular project with regard to
15 the S.E.S. Boomtown.

16 MS. BOCHNOWSKI: And those are
17 the ones we're familiar with?

18 MR. THAR: Yes.

19 MR. KLINEMAN: Anything further?
20 I don't mean to prolong the agony of the
21 applicants, but I think we will take a
22 ten-minute break before we come back and
23 have the primaries, and then we'll go right

1 into the general election. We'll finish
2 this up. So, we'll be back about a quarter
3 after four.

4 (A short break was taken off the
5 record, after which the following
6 proceedings were had.)

7 MR. KLINEMAN: Could we come back
8 to order. After that break we're going to
9 go straight through and make a decision and
10 conclude this matter.

11 If you remember, we're going to
12 have this, I keep referring to it as a
13 primary. Each of the Commissioners has
14 three votes. Those companies which will
15 receive the highest number of votes will
16 then move into the finals, which two or
17 three or four, whatever. In cases of ties,
18 they will be continue into the finals. So,
19 with that we will move. Mr. Thar will keep
20 track of how many times the Commissioners
21 have voted and who's got the most votes.
22 And we will start again alphabetically and
23 call the names, and all of those in favor of

1 a candidate moving into the finals. As I've
2 indicated, the fact that one of the
3 candidates may receive even a majority at
4 this stage doesn't mean that that's a
5 foregone conclusion that they're going to
6 get it. It's just in the eyes of the
7 Commissioners that they are entitled to move
8 forward to the finals.

9 MR. THAR: Further deliberation
10 is what you mean.

11 MR. KLINEMAN: Okay. All of
12 those in favor of Ameristar moving forward,
13 raise their right hand.

14 (Mr. Klineman, Dr. Ross and Mr.
15 Milcarek so indicate.)

16 MR. KLINEMAN: All of those in
17 favor of the Boyd Gaming moving into the
18 next round, raise their right hand.

19 (Mr. Vowels, Ms. Bochnowski, Mr.
20 Sundwick and Mr. Milcarek so indicate.)

21 MR. KLINEMAN: All of those in
22 favor of Empire moving into the next round,
23 raise their right hand.

1 (Dr. Ross so indicates.)

2 MR. KLINEMAN: All of those in
3 favor of Indiana Gaming moving into the next
4 round, raise their right hand.

5 (Mr. Vowels, Dr. Ross and Ms.
6 Bochnowski, Mr. Klineman and Mr. Sundwick so
7 indicate.)

8 MR. KLINEMAN: All of those in
9 favor of Lady Luck moving into the next
10 round, raise their right hand.

11 (No one indicated.)

12 MR. KLINEMAN: All of those in
13 favor of Boomtown S.E.S. moving into the
14 next round, raise their right hand.

15 (Mr. Vowels, Ms. Bochnowski, Mr.
16 Klineman, Mr. Sundwick and Mr. Milcarek so
17 indicate.)

18 MR. THAR: By my count, Boyd
19 Gaming, Indiana Gaming, S.E.S. Boomtown were
20 the three with the highest votes being 4, 5
21 and 5 respectively.

22 MR. KLINEMAN: Give the list
23 again.

1 MR. THAR: Boyd Gaming, Indiana
2 Gaming, S.E.S. Boomtown.

3 MR. KLINEMAN: All right. Any
4 further discussions on any of these, anybody
5 want to make a pitch for one or more of
6 these candidates?

7 MR. VOWELS: The trouble is
8 they're all good, and that's what -- I guess
9 could start off with, I can start off with
10 any of the three. Indiana Gaming has that
11 site that may be limited. They have made
12 some commitment to expand on what their
13 hotel could be. Talked to Indiana people, a
14 lot of money. Relationship with the city.
15 Although, from what we've talked about we
16 haven't been pleased, or I haven't been
17 pleased with the attitude that's gone on
18 down there, but that's something that we
19 have to take out of it, and I don't know
20 think it has to do with anything this
21 morning in a situation like this.

22 You know, Boyd is a good company,
23 we talked about all of that. I think if

1 they're not here, they'll get another shot
2 up in Hammond, which is nice.

3 S.E.S. Boomtown, impressive the
4 people that we saw in the presentation, very
5 impressive, former governor of Nevada and
6 all of that. I said it's pretty much even
7 right now on these three.

8 MS. BOCHNOWSKI: I really feel
9 the same way. I want somebody to give me a
10 reason one over the other. These are great
11 companies.

12 MR. SUNDWICK: Well, I don't
13 think I can give anybody a reason. I happen
14 to agree with the three, certainly the top
15 picks. I am still a proponent of the east
16 side. I know there's a lot of problems on
17 the east side of the community as far as the
18 wetlands are concerned. I also understand
19 that it's a better traffic environment for
20 the county. And there's still going to be
21 traffic on 50 going to the boat in Rising
22 Sun, so I think we have an opportunity for
23 the people of Aurora and within the Dearborn

1 community to have additional business
2 opportunities. Certainly, the proximity
3 closer to downtown would help Lawrenceburg's
4 downtown and notwithstanding the nine inches
5 it would take to make the railroad nine
6 inches higher, Greendale would benefit by
7 the east side. I think the marketing of a
8 boat that you could see from 275 bypass
9 would be important. I think it says when
10 you drive through that the people that have,
11 you look over and see a facility from the
12 expressway, and I certainly think that
13 creates a destination in and of itself, so I
14 think the expansion of the 13 acres
15 certainly gives some of the opportunity to
16 expand and build that 300 room hotel.

17 And that's -- and the other
18 companies, and I could go on about the other
19 two. I'm sure somebody will get to that and
20 will have favorable comments about those
21 companies.

22 MS. BOCHNOWSKI: You know, you're
23 talking here about Indiana Gaming. One of

1 the concerns is -- let's say, and I
2 definitely haven't made up my mind between
3 these three -- but if Indiana Gaming were to
4 get the license, is the city going to work
5 with the county and do better? Because
6 that's a concern. I mean, I think that
7 we're very concerned that this is not yet,
8 this should not -- this is not yet a final
9 format here. I don't think that it's in
10 good format. I just don't like the fact --
11 I know you've signed agreements and all of
12 that, but I don't like the fact that a 4,000
13 person community can take the lion's share
14 from a 40,000 person county. I really feel
15 strongly about that, and these agreements
16 have been signed. And I'd like to see some
17 movement on the city's part, I'd like see
18 some movement on everybody's part here.

19 MR. SUNDWICK: I think that goes
20 for all of the, either the endorsed
21 candidates or non-endorsed candidates that
22 will be selected here today. There's got to
23 be some better communication and some

1 fairness in this or it won't work. I mean,
2 we're not going to be a party to -- you can
3 see this morning we're still arguing. And
4 we have no intentions of going through this
5 again. So, I think it would smarter and
6 wiser to come together. I think Ann's
7 right.

8 MR. THAR: Well, then, if that's
9 a concern of the Commissioner, you might
10 want to pose to the endorsed applicant as
11 well as the city of Lawrenceburg whether or
12 not they would agree to withdraw that
13 development agreement if the Commission
14 decides that's what they would like to see
15 done and maybe redone in a different format
16 taking into account those things needed by
17 the city.

18 MS. BOCHNOWSKI: I think that
19 that would -- I would like to hear about
20 that. Maybe the city can go first.

21 MR. KLINEMAN: Are we talking the
22 revenue sharing, are we talking the
23 infrastructure? What are we talking about?

1 MS. BOCHNOWSKI: Development
2 agreement, start over.

3 MR. THAR: The revenue sharing
4 agreement is something the city did on its
5 own. The development agreement is something
6 the city has negotiated with various
7 candidates including these three endorsed
8 candidates. The issue raise by Bob and Ann
9 is they don't like the way the development
10 agreement is. The question is: Is the city
11 and the applicants that have signed the
12 development agreement willing to pull out of
13 that without lawsuit. If one side isn't,
14 then you have litigation, there's nothing we
15 can do about that contract. So, if they're
16 not willing to pull out, then the issue is
17 whether or not you want to deal with that
18 development agreement as is.

19 MR. SUNDWICK: We have the same
20 problem with the non-endorsed candidates.
21 They're willing to participate with the city
22 to the extent that the city needs and
23 requires help, so I think it's in their

1 interest to be fair. So, if we could take
2 that out of it, we certainly would look at
3 it a little differently.

4 MR. THAR: The question posed to
5 Lawrenceburg, are you willing to withdraw
6 from the development agreement with an
7 endorsed candidate?

8 MR. TREADWAY: Commission Members
9 and Director Thar, my name is Scott
10 Treadway. I'm counsel for the city of
11 Lawrenceburg. Certainly the city would be
12 willing to consider anything this Commission
13 requests. But I would, I guess, strongly
14 suggest, many of the development issues that
15 can delay this project were resolved in
16 those development agreements, and we think
17 it could substantially set back the
18 construction of the projects with any of the
19 candidates be they endorsed or non-endorsed
20 candidates. Certainly I talked to the mayor
21 and they would be willing to consider that.
22 Quite candidly, the city thinks it would be
23 a serious mistake for that request to be

1 made because we think it could substantially
2 delay the project simply having gone through
3 that process over many months. Many of
4 those development issues were resolved that
5 I think permit this project to start and
6 start quickly.

7 MR. THAR: You were asked during
8 the presentation last time whether or not
9 you would be willing to step out of that if
10 the Commission did not like the development
11 agreement. Two commission members have
12 indicated they don't care for the way the
13 development is. What's your position?

14 MR. TREADWAY: It was my
15 understanding the question that was posed
16 was given were there certain provisions of
17 that agreement the Commission was
18 uncomfortable with, would the endorsed
19 candidate and the city be willing to
20 renegotiate those provisions. Certainly we
21 would be willing to do that. I didn't
22 understand that question to mean for both
23 parties to rescind the entire agreement.

1 MS. BOCHNOWSKI: We're not
2 expecting you in a sense -- I mean, if there
3 is -- I'm sure there are legitimate
4 infrastructure --

5 MR. KLINEMAN: I would like to
6 narrow the discussion. The bulk of the
7 development agreement is, I'm sure, not
8 anything that we need to be concerned with.
9 I guess we're concerned with the monies, the
10 infrastructure commitments made by the
11 endorsed candidates and the revenue sharing
12 that you have on your own indicated. Now, I
13 guess it's my understanding that most of the
14 infrastructure benefits all of the citizens,
15 or a lot of it. For instance, the sewer
16 plant is, in fact, going to serve other
17 people other than Lawrenceburg?

18 UNIDENTIFIED MAN: That's
19 correct. That would serve Aurora,
20 Lawrenceburg, Greendale and also Seagrams.

21 MR. KLINEMAN: Okay. So, is
22 there anything that is pure Lawrenceburg
23 which would have no benefit except to be

1 some icing on some something that
2 Lawrenceburg thought they would get?

3 MR. TREADWAY: If you look at the
4 infrastructure money, there was
5 approximately 22 million dollars in
6 infrastructure money, just slightly less
7 than 11 million dollars was for the
8 wastewater treatment plant. Those other
9 monies go as a result of traffic issues, the
10 dedicated funds for ramp-overs,
11 signalization. They go to things like fire
12 protection. Lawrenceburg has fewer things
13 like fire trucks and ambulances. Quite
14 candidly, the city asked its engineer to
15 conduct a detailed study, tell us what we
16 need if we get a riverboat to provide fire
17 protection, ambulance and things of that
18 nature, and found out that they had serious,
19 serious shortcomings, and then asked the
20 engineer to put a price tag on those so they
21 could afford to pay for them, and that's
22 really what makes up that 22 million
23 dollars, and all the endorsed candidates

1 were willing to fund those things fully.

2 MR. KLINEMAN: Then let's ask an
3 unendorsed finalist what they think about
4 the infrastructure aspect of the development
5 agreement which I'm sure you're very
6 familiar with and what kind of commitment
7 are you willing to make vis-a-vis those
8 infrastructure things.

9 MR. O'BRIEN: Mike O'Brien,
10 Hilton. I think one of the things that it's
11 important to do here is develop a vocabulary
12 in terms of what we're talking about with
13 infrastructure. We've been talking here
14 about a number of 12.5 million dollars. I
15 think that some other members of our group
16 can elaborate, if the Commission feels it
17 needs elaboration. However, the roadway
18 portion of that in our plan is being
19 essentially provided for by the state, and
20 we're talking about, at least as appointed
21 departure, 12.5 million dollars in addition
22 to those dollars which have been made
23 available to mitigate traffic problems, so I

1 think we need to be putting this thing on an
2 apples to apples comparison.

3 MR. KLINEMAN: That's what I'm
4 trying to do.

5 MR. O'BRIEN: Yes, sir, I
6 understand.

7 MS. BOCHNOWSKI: And how do you
8 feel about such issues as police and fire
9 protection?

10 MR. O'BRIEN: I think that we're
11 ready, willing and able and, in fact,
12 looking forward to engaging the community in
13 discussion about that. I think the fact of
14 the matter is that Hilton builds projects
15 all over the United States, all over the
16 world. We're, just by way of example,
17 building a major project in Kansas City
18 which has significant infrastructure issues
19 as a part of the development agreement that
20 we have with the agencies in Kansas City.
21 And we're very accustomed and have never
22 failed to reach accommodation with the local
23 community. We are a good corporate citizen.

1 We look forward to engaging in that dialogue
2 that we have never failed to.

3 MR. KLINEMAN: I appreciate all
4 of that, and I don't mean to cut you short.
5 But, I mean, there are items in the
6 development agreement which you think are
7 unnecessary, is that what you're telling
8 me? That's all I need to know. If there's
9 items that you don't have are necessary or
10 not your responsibility in any way, shape or
11 form even though the other two endorsed
12 candidates have agreed to supply it to
13 Lawrenceburg, just tell me and then we'll
14 know where we are.

15 MR. TREADWAY: Chairman Klineman,
16 it might be helpful, Doug Ralston of PDR
17 Engineers is here, and he could very quickly
18 tell the Commission exactly what those items
19 are made of up in terms of the laundry list,
20 and it may facilitate this discussion.

21 MR. KLINEMAN: Would that be
22 helpful of you, Mr. Stunkel?

23 MR. STUNKEL: Maybe.

1 MR. KLINEMAN: Okay. Well, let's
2 have the engineer then real quick. We don't
3 want to delay this decision.

4 MR. VOWELS: I think we're losing
5 it on names for this lady over here, so be
6 certain that you give her your name.

7 MR. RALSTON: Doug Ralston with
8 PDR Engineers. The 21.8 million dollars
9 consists of 10.3 million for the wastewater
10 plant, I'm going to give you approximates,
11 water system improvements which include
12 above ground storage which is a necessary
13 element for any fire protection for any
14 development, and approximately one mile of
15 12-inch water line which is essential to get
16 the water to the tank, wherever the tank
17 main to be located, whether it be east or
18 west it's approximately a mile.

19 There is severe electrical needs
20 for any development, big electrical needs,
21 two substations minimum plus the existing
22 electrical network will not handle a gaming
23 company on either side, so there's going to

1 have to be monies. With the exception of
2 the traffic, we have 7 million dollars
3 estimated for engineering and traffic
4 improvements. That includes the ramp-over
5 system, and that's the far-out figure. If
6 it's on the other side of town, the west
7 side, then those monies probably wouldn't
8 all be needed for traffic. But it must be
9 understood that signalization improvements
10 within Lawrenceburg are needed, not just
11 widening lanes, you've got to have other
12 things to go with it. Plus, you have to
13 have entrance ramps, things to get into any
14 site. So, low estimate, there's probably 17
15 million dollars in needs, 17 to 18.

16 MS. BOCHNOWSKI: Some of that
17 like the entrance, I mean, that's included
18 in their price.

19 MR. RALSTON: I'm taking those
20 out. I'm taking 5 million dollars that
21 they've set aside. You've still got 17 to
22 18 million dollars that are necessary
23 elements for the infrastructure for

1 Lawrenceburg for any gaming company.

2 MS. BOCHNOWSKI: Because I would
3 even think the substations would be
4 something that you would include in your
5 estimate to build.

6 MR. RALSTON: You've got to have
7 substations.

8 MS. BOCHNOWSKI: That's what I'm
9 saying, sure, you'd have to.

10 MR. RALSTON: They're not needed
11 unless a gamer comes into town.

12 MR. KLINEMAN: Do you have a
13 municipal utility, is that the thing?

14 MR. RALSTON: Yes.

15 MR. KLINEMAN: So, you're not
16 PSI?

17 MR. RALSTON: No, it's their own
18 utilities.

19 MR. SUNDWICK: I guess the point
20 is, we can sit here and laundry list all of
21 them. I guess, is there a willingness on
22 everybody's part to make and meet these
23 commitments? I think it just makes common

1 sense.

2 MR. KLINEMAN: If you'd identify
3 yourself for the record.

4 MR. STUNKEL: Gene Stunkel
5 S.E.S.. The answer to the last question is
6 yes. And we've also taken a very close look
7 at these infrastructure requirements. And
8 some of these may be in our budget, which I
9 think they are. The signalization, the
10 entrance, and some of that stuff is already
11 there. I don't think we have put funds in
12 there for an overpass, that wasn't in our
13 design plans. But we're willing to take
14 care of those infrastructures which are
15 going to be required for the city for public
16 safety and health and fire, water, sewer,
17 those were all committed to us and our plan.

18 MR. KLINEMAN: Well, have we
19 accomplished anything? Have we narrowed
20 down the items which are necessary in which
21 now the unendorsed candidate would supply,
22 or are we still out?

23 MS. BOCHNOWSKI: What about a

1 better share to the rest of the county?

2 MR. KLINEMAN: Ann, excuse me
3 just a minute. Let's handle this. We'll go
4 into the revenue sharing in a minute.

5 MR. TREADWAY: The only way we
6 can answer that question is at the time of
7 the endorsed companies' proposals, we were
8 able to look at those proposals. We knew
9 exactly what they were doing and what they
10 were planning. And we specifically asked
11 the engineer to take a hard look at those
12 proposals, and we're talking about both east
13 and west side sites, and tell us what we
14 needed in cost. And that's what we
15 generated in growth. If, in fact, someone
16 else is willing to commit to those funds,
17 that's what we think it's going to take to
18 address these infrastructure engineering
19 regardless of who does it.

20 MR. KLINEMAN: I don't think we
21 got any yes's yet.

22 MS. BOCHNOWSKI: I sense a
23 willingness, though.

1 MR. PARROTT: Mr. Chairman, this
2 is Tim Parrott. We did say yes to those
3 commitments.

4 MR. KLINEMAN: To all of the
5 infrastructures that were outlined by the
6 engineer?

7 MR. PARROTT: That's correct,
8 sir.

9 MR. KLINEMAN: Then the next
10 item, Ann, was the revenue sharing.

11 UNIDENTIFIED MAN: Naturally, we
12 base the revenue sharing on the companies
13 that we have an agreement with. And if it
14 is a non-endorsed company, then we'd have to
15 sit down and re-negotiate. But I'm sure
16 that the council would be willing to sit
17 down with the endorsed companies and
18 re-negotiate and try to do a better revenue
19 sharing with the county, but we felt at the
20 times it was good revenue sharing.

21 MS. BOCHNOWSKI: But you're
22 already getting a lot of the cost that
23 you're concerned are already being covered

1 in this development agreement?

2 UNIDENTIFIED MAN: Well, that's
3 true. But, you know, the city of
4 Lawrenceburg will be greatly impacted, a lot
5 more than the other communities.

6 MS. BOCHNOWSKI: We still figure
7 you're going to get the most or the larger
8 share.

9 MR. RALSTON: Doug Ralston, PDR
10 Engineers. I'd like to speak to that for a
11 moment. I've been the engineer for
12 Georgetown, Kentucky, for the last six
13 years, responsible for all of their
14 projects. Toyota has brought 6,000 jobs
15 into a community of 10,000, and we cannot
16 recognize all of the needs today. Believe
17 me, the 21.8 million dollars is the minimal,
18 is the least. There are going to be things
19 that impact Lawrenceburg. We don't know
20 what they are. And then we they set up the
21 50 percent, they were really thinking we're
22 going to need these monies. And they had a
23 list of projects prioritized that would take

1 that 50 percent and more for the next five
2 years. Then I'm not saying the city should
3 re-think that, but believe me, there are
4 going to be things that impact the city of
5 Lawrenceburg by riverboat that we don't know
6 about and they need money.

7 MR. SUNDWICK: And it will affect
8 the county the same way, we understand
9 that. The only thing I think you need to
10 think about is they're going to have impact,
11 too. The only thing we're asking you is to
12 agree to look at your revenue sharing
13 program, and I don't think that's -- we're
14 not asking you for the world. Re-look at
15 those programs.

16 MR. TREADWAY: The only point I
17 would add to that, I think there is a much
18 higher probability that the city is going to
19 be able to fund what I'll call county-wide
20 projects of one of it's endorsed candidates
21 because the other benefit, each of those
22 companies have made significant financial
23 commitments to the city, and I think we are

1 going to place the city in the position to
2 do those kinds of things. And those
3 commitments range anywhere from 30 to 40
4 million dollars. So, I think the likelihood
5 of improving the county overall is greatly
6 increased.

7 MR. SUNDWICK: And I agree with
8 you. I think you ought to give the money to
9 the county and let the county figure it out
10 instead of them having to come to
11 Lawrenceburg.

12 MR. TREADWAY: I understand, and
13 I don't disagree with you.

14 MR. KLINEMAN: Well, I guess we
15 have some apples and apples and apples, but
16 I'm not sure we've got them all. But it was
17 of concern, particularly the infrastructure
18 aspect and the revenue sharing, that you've
19 heard. Anything further?

20 MR. THAR: To each of the groups,
21 Boyd Gaming, what is your start-up time,
22 what is your time line from grant of
23 certificate of suitability to opening, or do

1 you need it from Corps of Engineer permit to
2 opening.

3 MR. BOYD: Yes, Bill Boyd,
4 Chairman of Boyd Gaming. After the Corps
5 approval, it will be four months for the
6 temporary site and another four months for
7 the permanent site.

8 MR. THAR: Thank you. Indiana
9 Gaming, same question.

10 MR. LONG: Mr. Thar, after the --

11 MR. KLINEMAN: Your name?

12 MR. LONG: My name is Tom Long,
13 Argosy Gaming Company. We would be, as our
14 time line showed, if the city program
15 obtains their permitting in December, we
16 would be prepared to open this as soon as
17 approximately 30 days after the city
18 receives their permit.

19 MR. THAR: The Corps has advised
20 that the city's permit will not be allowed
21 to be utilized for a riverboat operation.

22 MR. LONG: That is an issue that
23 we will -- when our permanent site is

1 approved, then we understand that as a
2 temporary site would be approved at the same
3 time.

4 MR. THAR: That's correct with
5 yours. With the city's program, it will
6 not. Can you give me your time line,
7 please, from the Corps permitting at your
8 site to opening, whether it's temporary or
9 permanent?

10 MR. LONG: That would be
11 approximately, that would be approximately
12 six months after we receive our preliminary
13 certificate of approval.

14 MR. THAR: From the Corps?

15 MR. LONG: Yes, sir.

16 MR. THAR: Boomtown, S.E.S.?

17 MR. LIST: Bob List with
18 Boomtown. Ninety to one hundred and twenty
19 days from today to open at our temporary
20 site. We open within one year the permanent
21 site, within one year of that date.

22 MR. KLINEMAN: I appreciate that
23 answer, but I think we have learned from the

1 Corps that the Corps is not going to approve
2 temporary sites until they approve the
3 permanent site. Have you taken that into
4 consideration?

5 MR. THAR: Temporary and
6 permanent site approval will be viewed by
7 the Corps as a package.

8 MR. LIST: That's correct. We
9 understand that, and we anticipate that the
10 permits would be issued for both sites, we
11 believe, within 90 to 120 days. And we
12 would be ready to open, as a matter of fact,
13 within a day or two because of the existing
14 marina.

15 MR. THAR: I don't know how
16 quickly they can get the permits because the
17 Corps has shown that it's low high. The
18 Corps has indicated the temporary site is
19 only opened upon permit, so I just don't
20 know how solid that 90 to 120 days is.

21 MS. BOCHNOWSKI: But after the
22 permit is granted, you would be able to
23 start up also immediately.

1 MR. LIST: That's correct. All
2 of our archeological is done. We're ready
3 for the hearing of the Corps of Engineers.
4 And because we have an existing marina, we
5 recognize that we can start virtually
6 immediately once the permanent site is
7 permitted where the real permitting activity
8 is centered.

9 MR. SUNDWICK: I just had a
10 question, Jack, on the Indiana Gaming. It's
11 six months after the Corps approves?

12 MR. THAR: After the Corps issues
13 the permit, is that your time line?

14 MR. LONG: Thirty days after the
15 Corps approves us, Mr. Sundwick, we would be
16 up and open.

17 MR. THAR: Where? That's my
18 question. I mean, on that 30 days, where is
19 it going to be?

20 MR. LONG: The city site.

21 MR. THAR: Okay. What the Corps
22 has instructed us is that the city site --
23 the city originally applied for a permit for

1 riverboat gaming. The Corps said will not
2 accept that application because you'll never
3 get a license. The city went back and said
4 we would like to get a permit, then, for an
5 excursion boat. The Corps has advised with
6 regard to that city permit, they will
7 condition that a riverboat cannot use it.
8 So, the city site, if that's the one you're
9 discussing, the Corps has advised us cannot
10 be used. So, that's why I'm asking at what
11 site, what time line?

12 MR. LONG: Can I have one minute
13 to talk with PDR? They can clear that up.

14 MR. RALSTON: Doug Ralston with
15 PDR. I had conversation just this week with
16 Mr. Doug Shelton. The city's permit is
17 being filed as an excursion boat. It will
18 take about 60 more days for approval and
19 about three to four months for construction.
20 The city will have a site for excursion
21 boats. If the applicant so chooses, they
22 can file on their temporary boat, the intent
23 to use the city's docking zone. And,

1 indeed, it can be permitted as such,
2 according to Mr. Shelton, but it cannot be
3 permitted as such until they get their
4 permanent site approved.

5 MR. THAR: That's true. But it
6 is not true that the city can get it to be
7 used for a riverboat. You're saying they're
8 going to piggyback on your application?

9 MR. RALSTON: No, it's a separate
10 application all together, sir.

11 MR. THAR: Then it is based upon
12 the time line for the approval of your
13 permanent, then temporary?

14 MR. RALSTON: That's exactly
15 correct.

16 MR. SUNDWICK: How long is that
17 time line before you feel that you'll get
18 approval?

19 MR. LONG: Tom Long from Argosy
20 Gaming Company. We believe that a permanent
21 approval from the Corps would be in the area
22 of six to nine months from today or the time
23 in which we would be given a preliminary

1 certificate of approval. As soon as that
2 opens, we would then piggyback under the
3 cities and do as PDR said.

4 MR. SUNDWICK: They're talking
5 about 90 to 120 days for Corps approval?

6 MR. SMITH: No. This is Steve
7 Smith with Boomtown. The difference is that
8 the temporary site, because it's a permitted
9 activity, existing permitted activity. The
10 day the Corps of Engineers grant the
11 permits, whatever time it takes, the Corps
12 said six months. I've worked there too long
13 to argue with them. I don't think that's
14 right, but if it is six months, it doesn't
15 matter. That day we can begin operation at
16 a temporary site. Every other site has to
17 do some construction work after that day.
18 So, the difference, to try to clear it up,
19 with a temporary site that's existingly
20 permitted, the day the Corps passes the
21 permit, you can open and operate as a
22 riverboat casino.

23 MR. SUNDWICK: Six months, six

1 months?

2 MR. SMITH: There is no
3 construction time required at the temporary
4 site for Boomtown. And the reason Governor
5 List has said 90 to 120 days is because all
6 the work that is requires, and that's why we
7 can confidently say faster than six months.
8 But whatever that time period is, the
9 difference between all the applicants is we
10 can open that day.

11 MR. KLINEMAN: Anything further,
12 Mr. Thar?

13 MR. THAR: No. Just with regard
14 to all three of these applicants, there is
15 no -- background investigation does not
16 reveal any statutory prohibitions of one of
17 these three applicants in obtaining a
18 license.

19 MR. KLINEMAN: Okay. If there's
20 nothing further, do I hear a motion to
21 approve an applicant? We'll all vote by
22 raising our right hands after it's been
23 seconded.

1 MR. SUNDWICK: I move that we
2 grant a license or certificate of approval
3 to Indiana Gaming.

4 MR. KLINEMAN: Is there a second
5 to that?

6 DR. ROSS: I'll second.

7 MR. KLINEMAN: It's been moved
8 and seconded. All those in favor of Indiana
9 Gaming, please raise their right hand.

10 (Dr. Ross, Mr. Vowels and Mr.
11 Sundwick so indicate.)

12 MR. KLINEMAN: That's three. I
13 guess that motion then fails. Is there
14 another motion? Fails to win a majority.

15 MR. MILCAREK: I would like to
16 move that we nominate Boomtown.

17 MR. KLINEMAN: Is there a second
18 to that? That was a nomination for
19 Boomtown. Is there a second to that?

20 MR. VOWELS: I'll second.

21 MR. KLINEMAN: Mr. Vowels
22 seconded. All of those in favor of
23 Boomtown, please raise their hand.

1 (Mr. Vowels, Mr. Klineman and Mr.
2 Milcarek so indicate.)

3 MS. BOCHNOWSKI: I guess I need
4 to make a motion. I move that we grant the
5 certificate of suitability to Boyd Gaming.

6 MR. KLINEMAN: Is there a second
7 to that motion?

8 DR. ROSS: I second it.

9 MR. KLINEMAN: All of those in
10 favor of Boyd Gaming, please raise their
11 hands.

12 (Dr. Ross, Mr. Vowels and Ms.
13 Bochnowski so indicate.)

14 MR. KLINEMAN: I think we're into
15 a situation where we will now entertain
16 other motions or further discussion,
17 whichever the Commissioners wish in this
18 respect. We have had a 3, 3, 3 tie.

19 MR. THAR: Do you want to take a
20 five minute break?

21 MR. KLINEMAN: Yeah, I think we'll
22 take a five-minute break, and I mean five
23 minutes. We're coming right back.

1 (A short break was taken off the
2 record, after which the following
3 proceedings were had.)

4 MR. KLINEMAN: Okay. Could we
5 come back to order, please. In order to try
6 to get some movement, as a surprise to the
7 applicants we're going to have each of them
8 give us a two-minute pitch. And we'll go in
9 alphabetical order as we have all along.
10 We'll put Boyd up first, and we really do
11 need two minutes on the clock.

12 MS. BOCHNOWSKI: I would ask,
13 too, that you would give us in your pitch a
14 figure of how much you're going to be
15 spending just so, you know, the total, you
16 know what I mean? Like, I know we've got
17 185 million. I just want to hear that so we
18 can compare.

19 MR. THAR: If you go more than
20 two minutes, I won't vote for you.

21 MS. BOCHNOWSKI: That's right, I
22 won't vote for you.

23 MR. KLINEMAN: We're ready for

1 Boyd. Mr. Thar will raise his right hand
2 when you have 30 seconds and raise your left
3 hand when the time is up.

4 MR. BOYD: Bill Boyd, Chairman of
5 Boyd Gaming. I'd like to say to begin with
6 that our project total cost would be 186
7 million. That includes the 8 million that
8 we have pledged to the city for the bypass
9 to go around the city. On last Monday there
10 were seven points that were mentioned, seven
11 reasons why Boyd Gaming was the right choice
12 for Lawrenceburg and for Indiana. I'd like
13 to reiterate those seven reasons.

14 One, we have the endorsement of
15 the city of Lawrenceburg. That means that
16 we have been through the tough selection
17 process, and that's that means that we can
18 move forward quickly as far as the
19 construction of our site is concerned.
20 Also, our site works well. Our site is
21 large enough to be a complete destination
22 resort complex, entertainment complex. It's
23 large enough for expansion, expansion would

1 be easy. There are a few environmental
2 problems, and the traffic concern has been
3 addressed. As we mentioned there's 8
4 million dollars that we have pledged. The
5 other 7 million dollars in our development
6 agreement we gave to the city of
7 Lawrenceburg, and that could be committed to
8 finish the bypass which we understand would
9 be under 15 million dollars. If it was not,
10 we would be willing, if the city did not
11 have that money available, we would be
12 willing to fund the bypass completely for
13 the total 15 million or whatever amount that
14 was.

15 We think that our site is also
16 large enough for expansion, and our project
17 is right. We've been in developing for over
18 20 years now, and we feel that we're in a
19 position to develop a good first quality
20 project, as I mentioned in my presentation.

21 MR. THAR: Times about up, five
22 seconds.

23 MR. BOYD: Five seconds. We also

1 have the financial strength. We have the
2 people to make the project work.

3 MR. THAR: That's it.

4 MR. BOYD: We are a family
5 company and, lastly, we have the integrity.
6 Thank you.

7 MR. KLINEMAN: Thank you. The
8 next would be Indiana Gaming.

9 MR. LONG: Mr. Chairman, I'd like
10 to reserve a minute for Mr. Hilbert, if Mr.
11 Thar would be kind enough to let me know.

12 First and foremost our project
13 would be in the area of 200 million dollars
14 with the new rooms we will be building. The
15 additional cost of the rooms we estimate
16 would increase our project size to that. We
17 can begin construction immediately behind
18 the levee. We don't have to wait for
19 permits for anything for construction for
20 our permitted site.

21 As far as being able to expand, we
22 have the additional acreage to expand.
23 There's plenty of room to integrate

1 ourselves within the community so you can
2 flow from the levee area right into the
3 community. We have the experience in the
4 riverboat gaming. We operate more
5 riverboats than anyone in the country.
6 Safety of passengers has to be a concern.
7 We know how to do that effectively and very
8 well. Financing is not an issue, the money
9 is in the bank. There are millions of
10 dollars in the bank, I'm sure, up here in
11 Indiana. We can bring it home. We can
12 bring it without a question. When it comes
13 to the issue of environmental issues, we
14 have no big issues to deal with because
15 we're behind the levee. I'll yield to Mr.
16 Hilbert.

17 MR. HILBERT: Well, Tom, never
18 has to yield to me, and that's really why we
19 selected to align ourselves with Argosy.
20 But I think commitment is what Indiana is
21 really looking for, and especially this
22 Commission. Conesco has been committed to
23 Indiana, will always be committed to

1 Indiana. Money is not an issue here. We've
2 committed 72 million dollars to this
3 project. We have 250 million that we could
4 commit. The price and the cost of the
5 additional rooms, and the only reason we had
6 100 rooms instead of 300 was my desire to
7 give other hotel operators an opportunity to
8 share in the wealth. We've gone to 300, and
9 I'll commit to you whatever the cost is,
10 we'll stand behind it. Argosy's experience
11 is second to none. They're the most
12 experienced riverboat operator. Our
13 financial strength, I think, is second to
14 none as far as the applicants that you're
15 considering. And you've got my commitment
16 as CEO of Conseco that we're behind the
17 project.

18 MR. LIST: Mr. Chairman and
19 Members of the Commission, Bob List from
20 Boomtown. Let me say that none of us
21 expected to still be here at this hour, let
22 alone in this format. But let me thank you
23 once again for the chance to be here. We

1 have a temporary site that nobody else has
2 that is permitted and in place. When we say
3 90 to 120 days, that is a safe number. We
4 mean it. Once the permit is granted for a
5 permanent site, we're ready to open at the
6 temporary. And we're further along, and I
7 think Mr. Thar confirmed that, the report
8 said this, with our permitting for the
9 permanent site than any other applicant.
10 So, we've done our homework and we're ready
11 to go.

12 I should also mention there's been
13 a good deal of concern about traffic to our
14 site and to the west side sites. I think
15 it's worthy to mention that we have no
16 wetlands. And the traffic, while it may be
17 a problem, is not nearly the problem with
18 the wetlands on the other side of the town
19 or the access into that site outside the
20 levee which is necessary.

21 We also mention the revenue
22 sharing. We are the ones who initiated the
23 concept of revenue sharing throughout the

1 county for 40,000 people. Nobody else is
2 committed to that. It was our initiative
3 that led to the revenue sharing on the part
4 of the city, and that's the reason that we
5 have the endorsement of the entire county
6 and the townships and the cities throughout
7 the area. We heard today, we're committed
8 to the same infrastructure obligations as
9 the other applicants for the city of
10 Lawrenceburg. We, therefore, stand before
11 you with a world class international company
12 as a partner unparalleled. We respectfully
13 ask for your confidence and your vote.

14 MR. KLINEMAN: I think we also
15 requested a total project cost.

16 MR. LIST: One hundred and
17 seventy-eight.

18 MR. KLINEMAN: Thank you. Okay.
19 We need to entertain a motion to approve one
20 or more of these applicants.

21 DR. ROSS: I move for Indiana
22 Gaming.

23 MR. SUNDWICK: I'll second that.

1 MR. KLINEMAN: Okay. It's been
2 moved and seconded to approve Indiana
3 Gaming, all of those in favor, raise their
4 right hand.

5 (Mr. Vowels, Dr. Ross and Mr.
6 Sundwick so indicate.)

7 MR. KLINEMAN: Is there another
8 motion?

9 MR. MILCAREK: I'd like to make a
10 motion to nominate Boomtown.

11 MR. KLINEMAN: Is there a second
12 to that motion?

13 MS. BOCHNOWSKI: I'll second.

14 MR. KLINEMAN: Okay. It's been
15 moved and seconded. All of those in favor
16 of Boomtown, raise their right hand.

17 (Mr. Klineman, Mr. Milcarek and
18 Mr. Vowels so indicate.)

19 MR. KLINEMAN: Is there another
20 motion?

21 MS. BOCHNOWSKI: I'll move that
22 we --

23 MR. KLINEMAN: We can go back and

1 nominate one of the others or go forward,
2 whatever you want to do. Does anybody want
3 to put --

4 MS. BOCHNOWSKI: Give me a
5 minute, or if somebody else wants to do it.

6 MR. VOWELS: My problem here is
7 that they're all equal. I'm voting yes on
8 all of them. I don't know if I should go
9 away and come back later or what. I mean,
10 here's what I see. I see you got Indiana
11 Gaming which will have a relationship with
12 this administration, but whether this
13 administration changes January 1 or not, I
14 don't know. So, it may mean nothing.

15 There's a bad relationship with
16 S.E.S. Boomtown, but I liked the people. I
17 liked the application. I look at Boyd and
18 they look look the middle candidate, that
19 maybe they should be the one. We also have
20 the opportunity to take a look at them again
21 in Hammond. They're going to be around
22 another time. I see all of those pluses and
23 I'm not looking at any negatives, and that's

1 you're seeing my hand go up on all of these,
2 and it's not helping anybody.

3 MR. KLINEMAN: Okay. Is there
4 another motion for anyone?

5 MR. THAR: Let me insert here a
6 kind of analogous situation where a jury is
7 hung, people have gone so far, the decision
8 needs to be made. And generally it is let's
9 go back and discuss it, so I might recommend
10 that people lay out the pluses and minuses
11 they see about each of those companies.
12 With an open mind maybe somebody will feel
13 that there is something they've now heard
14 that may convince them that they could vote
15 for a company they haven't voted for.

16 MS. BOCHNOWSKI: I guess what I'm
17 looking for, I might be able to vote for
18 Indiana Gaming if I was convinced this is
19 enough property, somebody tell me that's a
20 big enough area. If somebody can assure
21 with me with the wetland issues aren't a
22 problem inside of levee. I can see the
23 benefit of an east side site. I can see the

1 benefit of being close to the city so that
2 the downtown gets some benefit. The west
3 side, I mean, I was truly committed to the
4 west side going into this because I don't
5 want to bother that Oxbow area. I do not
6 want to sell off my grandchildren's heritage
7 for a gaming operation. I mean, I'm a
8 Hoosier and I believe that's that important.
9 If I felt really sure that putting it inside
10 the levee would make those problems go away,
11 but I'm not sure of that yet. And maybe
12 somebody else tell me that that's --

13 MR. KLINEMAN: If it isn't
14 specifically in the area of the Oxbow and
15 the conservancy district, I guess the
16 environmental questions would still exist
17 are certainly them being inside of the
18 levee.

19 MR. THAR: Just as a point, all
20 applicants on the east side, regardless of
21 who they are, have an impact on the
22 wetlands. Indiana Gaming is inside the
23 levee, therefore, theirs is going to be less

1 than that of Ameristar. What you have to go
2 over the levee to get to the boat, you go
3 over the levee in the conservancy district
4 and you may be in wetlands.

5 MR. KLINEMAN: But the amount of
6 land-based development would be very small?

7 MR. THAR: The amount of
8 land-based development with Indiana Gaming,
9 majority, probably 85 percent would be
10 inside the levee. And outside the levee
11 you're going to have just the walkway, the
12 docking facility and the boat dock.

13 MS. BOCHNOWSKI: I want the
14 perfect answer here, and I think that
15 Dearborn County does not provide us with
16 that, unfortunately. But would I have your
17 assurance -- I mean, gosh, I just want
18 somebody to tell me that this isn't going to
19 hurt this the Oxbow area. That's what I
20 really need. I really need that. You know
21 it, that's okay.

22 MR. SUNDWICK: I don't think we
23 can get assurances from those people. I

1 don't think they know enough. And I'm
2 concerned about the same thing, certainly
3 the district, I'm concerned about the
4 community. You know, I don't know what we
5 could do today, unless there is more
6 testimony that we could hear from somebody,
7 that's got to move somebody off the dime.
8 That's all this is about, in my opinion.
9 You can see this is a very difficult
10 decision for all of us. This is not easy.
11 So, you know, I don't know if there's
12 anybody that has any additional information.

13 DR. ROSS: I just want to make
14 one negative comment and that is that Boyd
15 is a great company and seems to be level and
16 there doesn't seem to be any way to get
17 around it. But they do have another
18 application in Hammond, and they have
19 another shot at it. Nobody else does.

20 MR. KLINEMAN: Please hold the
21 comments by ooh-ing and ah-ing or whatever
22 down. We're trying to make a decision and
23 trying to get out of here.

1 Okay. Is there any way, any
2 further discussion or somebody want to make
3 a motion?

4 MR. BOYD: May I make a
5 statement, Mr. Chairman, to the Commission?

6 MR. THAR: I would recommend no.
7 We've already given people --

8 MR. KLINEMAN: Yeah, I think
9 we've heard everything we need to hear.
10 Thank you, Mr. Boyd. We appreciate it.

11 MS. BOCHNOWSKI: I think we know
12 you want to be in this location. You're not
13 trading this for Hammond, for the
14 possibility of a Hammond.

15 MR. THAR: I think it's probably
16 fair to say that at this stage of the game
17 regardless of what question is posed, we'll
18 get the answer yes. So, I think you have to
19 go back and take a look at the projects and
20 what project is it. But you're going to
21 have to feel it fits up with the financial
22 integrity, reputation, gaming experience,
23 destination resort which people are putting

1 on, whether or not the project is good,
2 whether or not it's financially big enough,
3 what are the amount of revenues to the state
4 of Indiana and the region, whether or not
5 speed in obtaining those revenues is a
6 criteria, what extent the traffic issue
7 overweighs the environmental issue, to what
8 extent the environmental issue overweighs
9 the traffic issue, to what extent the
10 revenue sharing impacts, to what extent the
11 city endorsements and non-endorsements, good
12 development agreement, bad development
13 agreement impacts on considerations here.
14 Whether or not it came down to it that all
15 of these things are equal, whether or not
16 something this one company is going to do a
17 better job than another, who is that going
18 to be. It's a tough decision.

19 MR. KLINEMAN: Do I hear a
20 motion? If I don't hear a motion, I'm going
21 to ask the permission of the group to make a
22 motion myself. Is there a motion to be
23 made? Do I have your consent to make a

1 motion myself? I would move the approval of
2 Indiana Gaming. Is there a second?

3 MR. SUNDWICK: I'll second it.

4 MR. KLINEMAN: It's been moved
5 and seconded. All of those in favor, raise
6 your right hand.

7 (Mr. Vowels, Dr. Ross, Mr.
8 Klineman, Mr. Sundwick and Mr. Milcarek so
9 indicate.)

10 MR. KLINEMAN: The Chair rules
11 that the certificate of suitability would be
12 issued to Indiana Gaming.

