

**INDIANA GAMING COMMISSION
REGULAR MEETING**

9:00 a.m., January 8, 1996

**Auditorium
Indiana Government Center South
402 West Washington Street
Indianapolis, Indiana**

PRESENT: Commission members Alan Klineman, Chair; Ann M. Bochnowski, Vice-chair; Donald Vowels, Secretary; Thomas F. Milcarek; David E. Ross, Jr., M.D., Robert W. Swan; Robert W. Sundwick; Staff members Jack Thar, Kay Fleming, Jill Copenhaver, Janine Hooley, Cindy Dean, Frank Brady, Kendra Nigg, Pam Ayres and an audience.

Call to Order and Roll Call

Chair Alan Klineman called the meeting to order at approximately 9:28 a.m. showing all sitting commissioners present; a quorum exists.

Approval of the Minutes of the December 4, 1995 Meeting

The Indiana Gaming Commission unanimously approved the minutes of the December 4, 1995 Indiana Gaming Commission business meeting held in Evansville, Indiana, on motion by Bob Swan, second by Tom Milcarek.

Report of the Executive Director

New Personnel

Executive Director Jack Thar introduced new employee Kendra Nigg, a member of the Indiana Gaming Commission's Auditing Division. Kendra, a Certified Public Accountant, came from the Indiana Department of Revenue and was assigned most recently to the Gaming Enforcement Unit doing background investigations.

Casino Aztar

Jack Thar reported on the smooth operation of the Evansville riverboat during its first month of operation. However, Casino Aztar has had some start-up problems, both from their point of view and that of the Gaming Commission's. The IGC will release figures next week at a press

conference on January 16 or 17. Commission spokespersons will explain the figures then. Total admission and gaming taxes paid through December 31, 1995 have been more than 1.5 million dollars. Mr. Thar said that the Gaming Commission has been working with Access Indiana and hopes to be able to put the monthly statistics out on a network type system so that everyone will have access at the same time for a nominal .50 per page fee. Subscribing directly to Access Indiana will be necessary for this service.

Chair Alan Klineman reported the Commission's pleasure with the opening of the Casino Aztar riverboat. The boat is beautiful and spacious, affording enough comfortable space for all participants. He remarked about the additional space on the top deck for relaxing and enjoying the boat ride. As the preliminary figures show, there will be a very substantial tax revenue for the citizens of the State of Indiana. Mr. Klineman congratulated Casino Aztar.

Old Business

No old business.

New Business

Rules

Chief Counsel Kay Fleming announced that **Resolution 1996-1, A Resolution Adopting 68 IAC 10-3; 68 IAC 11-3; and Article 15, Rules 2, 4, 7, 8, 9, and 10 for Publication as Proposed Rules and the Consolidation of LSA Document #188 and LSA Document #189**, upon Commission approval, will adopt new rules that will be published in the February 1 *Indiana Register*. A public hearing is going to be held on these rules in compliance with IC 4-22 on February 26, 1996, at 9:30 a.m., in Room 1 of the Conference Center. The promulgation process for the final promulgation of these rules will take approximately four (4) to six (6) months.

The rules include Article 10-Rules of the Game, Rule 3-Roulette; Article 11-Internal Controls, Rule 3-Soft Count; Article 15-Accounting Records, Rule 2-Currency Transaction Reports and Multiple Transaction Logs, Rule 4-Token and Chip Inventories, Rule 7-Audit Procedures, Rule 8-Internal Audit Procedures, Rule 9-Tips and Gratuities, and Rule 10-Main Bank Responsibilities.

Ms. Fleming indicated **Resolution 1996-1** will consolidate the Notice of Intent that was published in LSA Document #95-189 at 18 IR 2894 with the Notice of Intent that was published in LSA Document #188 that was published at 18 IR 2893. This makes the Gaming Commission's rules more concise. The IGC will be acting under these rules pending formal promulgation.

ACTION: Resolution 1996-1, A Resolution Adopting 68 IAC 10-3; 68 IAC 11-3; and

Article 15, Rules 2, 4, 7, 8, 9, and 10 for Publication as Proposed Rules and the Consolidation of LSA Document #188 and LSA Document #189, was unanimously adopted on motion by Dr. David Ross, second by Ann Bochnowski.

Chief Counsel Kay Fleming also indicated that additional draft rules will be available on January 29, comment due on February 12, 1996, and some rules will go immediately to the publication process since they will be rules that are tied to rules that are already formally adopted.

Notifications of Name Changes

Executive Director Jack Thar reported that Certificate of Suitability holder Barden-Davis, formerly Barden-President Riverboat Casino, LLC, has changed its name to The Majestic Casino. No resolution or Commission action is necessary.

Request of Pinnacle Gaming Development Corporation to Change Ownership

Pinnacle Gaming Development Corporation has requested, pursuant to 68 IAC 2-1-4(a)(9) and submitted by letter of December 22, 1995, to transfer all outstanding shares in Pinnacle held by Century Casinos Management, Inc. and Cimarron Investment Properties Corporation to Switzerland County Development Corporation submitted by letter on December 22, 1995. Also submitted was a copy of their Stock Purchase Agreement, dated December 21, 1995. Pinnacle requests that the Indiana Gaming Commission approve an amendment to Pinnacle's Application reflecting the transfer of ownership. Both Bob List, Senior Vice President and Corporate Counsel of Boomtown and now an officer of Pinnacle, and James Forbes, President of Century and formally President of Pinnacle, were present.

Mr. List addressed the Commission saying that Hilton and Boomtown in essence have formed a joint venture and reported that the Commission has before it a proposal by which they would be allowed to acquire the stock of Pinnacle. They have proposed in their amended application that they filed on December 27, 1995, a project costing approximately \$110,000,000 to be located in Switzerland County to consist of 38,000 square feet of gaming and a substantial entertainment complex that they think will provide a great economic opportunity for southern Indiana. They are sure of the southern Indiana and northern Kentucky markets and want to provide a first-class entertainment and gaming complex. It joins the expertise and the experience of Hilton in their worldwide gaming and hotel background and the strength of their financial resources with Boomtown's proven ability to operate western-themed properties. He indicated that his presence is to seek the Commission's approval of the acquisition of Pinnacle's stock. They look forward to working with the people of Switzerland County.

Upon Ann Bochnowski's inquiry, Mr. List explained that Pinnacle was owned 80% by

Century and 20% by Cimarron, and they have entered an agreement, subject to Commission approval, of acquiring Pinnacle's stock. They have paid \$100,000 to the previous owners as a down payment, with substantial sums of money due should they be successful at the Commission meeting. They would own the entire company on an ongoing basis. He further explained that Mr. Forbes will be involved throughout the application process and has been very helpful to them in understanding the market and with the local officials of Switzerland County.

Executive Director Jack Thar indicated that the Indiana Gaming Commission had set December 28, 1995 as a deadline for Switzerland, Crawford, Harrison and Perry counties to submit any changes in their applications. Some applicants did modify their applications slightly. Boomtown has already had their background check. Hilton has not.

Mr. List indicated that Hilton had originally applied in Michigan City with the consortium with Caesar's and Circus, which ultimately was withdrawn. They joined with him as a financial partner in the Dearborn County application and now have come together in a 50-50% joint venture. Thus, allowing the change of ownership will not delay the investigation of the hearings.

ACTION: Resolution 1996-2, A Resolution Concerning the Request of Pinnacle Gaming Development Corporation to Transfer Ownership of the Applicant to Switzerland County Development Corporation, was unanimously adopted on motion by Tom Milcarek, second by Bob Sundwick.

Request of Swiss Gaming Company, L.P. to Change Ownership and Terminate the Prospective Private Placement of Stock Previously Reflected in Part II of Its Application

Executive Director Jack Thar informed the Commission that at one time, and technically still as of today, this applicant was known as Swiss Par-A-Dice, L.P. On February 10, 1995, the Commission received a letter requesting that Par-A-Dice Gaming Corporation be allowed to withdraw from the Swiss Par-A-Dice, L.P. application for a riverboat owner's license. On March 10, Priority Investors, L.L.C. requested that the Swiss Par-A-Dice, L.P. application not be considered during the first round of hearings scheduled for Switzerland County. Also on March 10, pursuant to **Resolution 1995-5**, the Commission granted Par-A-Dice Gaming Corporation's withdrawal from the Swiss Par-A-Dice, L.P. application and granted the request of Priority Investors, L.L.C. that it not be considered during the first round of hearings scheduled for Switzerland County.

Mr. Thar advised that on December 28, 1995, Nicholas Stein requested that the Commission approve his acquisition of all of Par-A-Dice Riverboat Casino, Inc.'s and Par-A-Dice Gaming Corporation's interest in the Swiss Par-A-Dice Gaming Corporation

application. Priority Investors, L.L.C. will retain its ownership interest in the applicant. As a result of the transfer, if authorized, Nicholas Stein will hold 83% of the applicant and Priority Investors, L.L.C., 17%. Mr. Thar announced that both Mr. Stein and Mr. Douglas Brown, attorney for Swiss Gaming Company, L.P., were in the audience.

Mr. Nicholas Stein advised the Commission that he is attempting to acquire the 83% ownership of the applicant. That interest was previously owned by Par-A-Dice Riverboat Casino, the general partner, 1% interest and Par-A-Dice Gaming Corporation that owned 82%. As Mr. Thar indicated, about a year ago Par-A-Dice decided to pull out and he had the Commission's approval to still hang in there. He indicated that is still their desire. The ownership, upon Commission approval, would be 83% ownership by himself and 17% ownership by his uncle, Richard Stein, and himself.

Mr. Stein indicated that he had previously attempted to come in with Hollywood last March and since the hearings were to be in June, the Commission advised they did not have enough time to complete the necessary investigatory process. At that time, Mr. Stein had requested the application remain dormant. He reported that he is now in a similar situation. He reiterated his desire for Indiana Gaming Commission action to authorize his acquisition of all of Par-A-Dice Riverboat Casino, Inc.'s and Par-A-Dice Gaming Corporation's interest in the Swiss Par-A-Dice Gaming Corporation application received on December 28, 1995.

ACTION: Resolution 1996-3, A Resolution Concerning the Request of Nicholas Stein to Acquire the Interest of Par-A-Dice Riverboat Casino, Inc.'s and Par-A-Dice Gaming Corporation's Interest in Swiss Par-A-Dice, L.P., was unanimously authorized on motion by Bob Swan, second by Ann Bochnowski.

Request of Madison Landings Associates, Inc. to Withdraw Its Application for a Riverboat Owner's License for Harrison County

Indiana Gaming Commission Executive Director Jack Thar outlined the December 28, 1995, letter from John J. Sullivan, counsel for Madison Landings Associates, advising that they wish to withdraw their application for a riverboat license for Harrison County. Mr. Thar indicated that there are currently four other applicants in the county.

ACTION: Resolution 1996-4, A Resolution Concerning the Request of Madison Landings Associates, Inc. to Withdraw Its Application for a Riverboat Owner's License, was granted unanimously on motion by Tom Milcarek, second by Bob Sundwick.

Request of Perry County Riverboat, L.P. to Withdraw Its Application for a Riverboat Owner's License for Perry County

In a similar manner, Perry County Riverboat L.P. requests Commission approval to be allowed to withdraw its riverboat owner's application. Mr. Thar announced that this applicant does not see Perry County as a very competitive location for riverboats. Donna B. More, counsel for the applicant, was present and offered to answer any questions.

ACTION: Resolution 1996-5, A Resolution Concerning the Request of Perry County Riverboat L.P. to Withdraw Its Application for a Riverboat Owner's License, was granted on motion by Dr. David Ross, second by Bob Swan. Commissioner Donald Vowels abstained from voting, indicating that his office landlord had some involvement in the applicant.

Review of Certificate of Suitability Issued to Indiana Gaming Co., L.P.

Chair Alan I. Klineman requested the Indiana Gaming Co., L.P. officials to come forward for an update.

Mr. Thomas Long, Chief Executive Officer of Argosy Gaming Company, the general partner of Indiana Gaming, introduced a number of people on his staff who have participated in the events at Lawrenceburg. He walked through the many steps Indiana Gaming Co. has taken toward the project opening. In particular, he pointed out the re-configuration of the 300-room hotel added to the initial smaller hotel in the original presentation. This added an extra 90 days to reconfigure the specifications for the larger hotel, to acquire the additional land that they had promised the Commission they would acquire to provide for the expansion. He offered some schematics to show what the project will be in the end. Because of the larger plan they were required, under the development agreement with the City of Lawrenceburg, to renegotiate and clarify the scope of the project. They have now entered a completed amended development agreement with the City of Lawrenceburg. This clarifies the temporary site issue as well as the leasing of it, the boat dock, the conservancy district issues, Art Street Park, and the fair grounds and parking. The city also needed some additional monies to move forward with some of their expenses and they have agreed to give them some funding up front (about half a million dollars). In addition, they have spent a great deal of time on the U.S. highway #50 plan, which they had a hearing about earlier before the Commission.

One major issue was with the Conservancy Board. A new board was appointed last September. Mr. Long's staff has worked very closely with the new board members, who are actually the landlords of the property where Indiana Gaming Company's project will be developed. They have given the Indiana Gaming Commission a letter from this Conservancy Board asking that their Certificate of Suitability be extended. Both the City of Lawrenceburg and the Conservancy Board have worked out an agreement about sharing the revenues from the boat operation. Argosy aided and assisted in that process and the agreement is now completed. Mr. Long pointed out a letter from Lawrenceburg Conservancy District Chairman Barry Nanz requesting that Indiana Gaming Company be

given an extension to enable them to move forward with their project.

Mr. Long reported that a series of public meetings was held to inform the local community exactly what they were undertaking. The scope of the project and the impact on the citizens will help assuage many questions the community was asking. Argosy attempted to dispel any rumors that were developing. They modified their road plan, working very closely with INDOT and any related regulatory agencies. They approved the modifications at their September or October meeting, and that plan appears to be moving along as they have represented it to the Commission. Indiana Gaming Company has worked very closely with the Central Indiana Railroad, CSX, and with everyone involved in making the railroad project work.

With the levy district, Mr. Long reported, they were going to put a breach in the levy to allow access to their temporary site. This was an engineering issue concern for the Conservancy District people. After engineering representatives for both met, the Conservancy District advocates found that Indiana Gaming Company's proposal would really improve the project. They are agreeable. In summary, regarding the Conservancy District issue and the leases they needed to operate, Mr. Long reported that this is complete and they can now move forward.

The other land that they need for development is owned in fee simple by Indiana Gaming Company. They have gone out and found additional parcels of land to expand their hotel development and to provide adequate parking. The City of Lawrenceburg has cooperated in vacating some streets to ensure adequate traffic flow. The city has worked with some landowners in the bottom lands to provide a public road access through Indiana Gaming's property so that access is not cut off to them. They have resolved this issue. Mr. Long reported that they have acquired four additional homes in the area to provide more green park space. They have come to an agreement with the city for a cap for the purchase price.

Mr. Long indicated that Indiana Gaming is going to start providing up-front payment to the City beginning February 1, 1996. They will then have the cash flow that will be necessary to do some things necessary to provide the infrastructure and the support to them as the project moves forward.

An election in the City of Lawrenceburg has changed the city government. Mr. Long had an extensive meeting last week with the new mayor and some of the city aldermen to go over some of the issues they are all facing. The balance of the city council is new. The issues with the city have in Mr. Long's opinion, been resolved. They have worked out all things (including electricity and utilities) necessary for their temporary site. Indiana Gaming has access under a lease basis to their temporary site at the end of Walnut Street. They have worked out the traffic issues.

Regarding the long-term project, the permanent facility, Mr. Long reported that Indiana Gaming has been working coextensively along with the temporary. They are many time-line issues, not the least of which is the road coming in off U.S. highway #50. That has taken a great deal of time to work through relevant issues. They have completed agreements with the Central Indiana Railroad; Seagrams will always have the necessary service that has been provided. CSX and Indiana Gaming representatives have worked through a traffic-rights agreement, which Mr. Long reported has now been executed between the parties. From a jurisdictional standpoint, Indiana Gaming has done a great deal of work in looking at the abandonment process. They have hired special Washington counsel who have informed them that the process is really simpler than they had thought earlier. They are under an exemption about which they had not previously known. Indiana Gaming needs the city's help on a condemnation of a piece of that right-of-way. It does not affect any homes or any commercial property, but it strictly deals with the issue that railroads were often built on grants of easements and reverts. These negotiations have all taken a great deal of time.

Mr. Long believes that there is a good chance that they will receive a special allocation from the government that will help reroute some of the railroad crossings to alleviate the congestion. With help from their special counsel in Washington, it appears to be moving forward. Mr. Long indicated he could not commit today, however, that all of that funding will be there. He does feel that the railroad acquisition and abandonment can go forward even if the Williams Street realignment cannot take place, but they are committed to finding the necessary funding. They have in fact committed \$600,000+ toward that project to jump-start it forward.

The U.S. Corps of Engineers permit process is moving along smoothly. Mr. Long indicated that they have filed all of the applications and the comment periods have taken place. The comments they have received back have not been nearly as extensive as they had predicted. However, the process is still taking longer than they would have liked. There will be a hearing on February 22 in Lawrenceburg. Indiana Gaming Company will move forward after that. Mr. Long feels that the Corps would report that everything is on schedule from their standpoint. As originally mentioned in an earlier Indiana Gaming Commission meeting, it is a nine-month or so process. Mr. Long stated that from their viewpoint they do not see any kind of impediment from a Corps permit for both their temporary and permanent sites. Everything is time consuming. They look forward to the issuance of their permits sometime in March. The Indiana Gaming Commission has received a report from their engineers as to the status of permits, as well as a report from the city's engineer, PDR, dated December 29, 1995, and one from their engineer, dated December 27.

Regarding Indiana Gaming's permanent site, Mr. Long reported that their mitigation plans have all been submitted and approved. They have a mitigation plan of approximately 20 to 1, far in excess of what was required. Oxbow and Argosy have

worked very closely in a plan that has allowed them to lease some additional conservancy land to use for mitigation. Everyone is pleased with this program. Mr. Long indicated that wetlands mitigation is well in hand.

Through a lease Argosy has acquired a landing facility for their temporary site. Mr. Long reported that they have acquired The Spirit of America barge, which is currently in Louisiana being rehabilitated. It is 262' by 71' and will be their terminal facility having their buffets, their ticketing and queuing areas for their temporary site at the foot of Walnut Street. This facility will be operated only during the period of the temporary boat. After that, it will be put back in their inventory and used in one of their other facilities at Argosy. Mr. Long pointed to pictures of the facility.

Argosy has acquired, via a lease from Stations Casino, a riverboat that they will use on a temporary basis until their large boat is completed for the permanent site. That facility will have approximately 1,200 or so gaming positions. That boat is under their control; They are presently doing a general cleaning (after its use by St. Charles). When they build Argosy's permanent boat, they will end that lease and it will go back to the St. Charles Riverboat Company.

Mr. Long reported that at the same time, they have entered into a contract for the construction of their permanent boat that is the largest riverboat project presently being built in America. It is 408' by 100'. The size of the boat could not be handled at Jeffboat. It was a very competitive process in which Service Marine was awarded the approximately \$38,000,000 contract (before equipment, when it will be in the \$50,000,000 range). They have acquired the steel that is now being cut and welded. This vessel will have approximately 74,000 to 75,000 sq. ft. of gaming, 26,000 gaming positions, approximately 3500 passenger capacity, 5000 sq. ft. showroom area for the non-gaming activity, etc. The necessary risk assessments have been completed and Hornblower is commenting on the operation. Argosy has moved forward with the key components.

Argosy has a sales and marketing team in place and is aggressively pursuing marketing opportunities. Mr. Long reported that they have held many public sessions. Army Block, general manager of the project, holds a bimonthly cable television program. They are entering into a large wide-sweeping billboard program to announce the potential coming of a riverboat in the Lawrenceburg area. Their gaming school is open for craps dealers and will be expanded into blackjack later this month or in early February. They have received more than 3,000 job applications to date. Human Resource Department staff is currently reviewing these applications and will be concentrating on Indiana-qualified applicants, as well as being very sensitive to minority hiring, both from a vendor and an employee standpoint. They have been recruiting in those areas and will continue to do so as the process moves forward.

Paul Keller, Project Director, explained the plans for the permanent project. There is a widening of the U.S. 50 project to seven lanes from the current project that would widen it to five lanes. There would be three north bound and three south bound and a center turn lane with an intersection at a location on the eastern edge of Lawrenceburg that would bring the link road into the project without affecting the town itself. They have worked long and hard with the various businesses along U.S. 50 to ensure that the driveways and means of access to those businesses are accommodated in a proper fashion. Mr. Keller indicated that INDOT feels comfortable with the plan. They are going to have a public meeting in Greendale the next Wednesday to discuss this plan and INDOT would like to begin construction on it in February. The plans are completed and have been submitted to INDOT. All the signalization and design work has essentially been done.

Mr. Keller pointed to a rendering of the overall master site plan and directed the Commission to look from the top of the plan on down to their parking garage, their pavilion building, and then the hotel. The hotel is on land that was primarily acquired following the June hearings as Argosy had earlier indicated. The boat slip is in the same location that it has always been. He indicated that the pavilion takes its thematic scheme from the City of Lawrenceburg. Argosy had a special team of architects looking at the town and studying the vocabulary of the architecture and tried to reflect that in their pavilion building. They wanted to harmonize with the rest of the city. The project has received the support of the Lawrenceburg Board of Architectural Review, which is the body that will officially issue a certificate of appropriateness. The main pavilion is a four-story structure, the first story being in essence underground. The first level on which patrons will enter will have a grand rotunda with a stained-glass ceiling, etc. The next level up will have the buffet and speciality dining functions. The top level (the bridge level over to the boat) will house ticketing, coat check, a fast-food court and a sports bar - entertainment center. The hotel is similar Victorian-style architecture with separate drop offs so that bus and tour groups can be serviced. The much-larger harbor that was originally proposed has been reduced to a slip that will minimize the impact on wetlands.

Thomas Long stated that Argosy predicts a successful opening of their first-class project in late May or June. While they are working on their temporary location, they will be moving forward with their permanent construction. They expect the permanent boat to be completed within one year after their temporary boat opens. Upon an inquiry from Ann Bochnowski, Argosy spokespersons outlined in chronological order the anticipated series of events. They are confident that the Army Corps permit will be forthcoming so they are moving ahead.

Mr. Long discussed a problem with Indiana Gaming Company's use of the fairgrounds. Utilization of the fairgrounds with other entities created some difficulty with access. After having second thoughts, the City of Lawrenceburg desired not to use this area for parking. Consequently, Argosy acquired additional land on their own; they were able to

take a credit back from the city. The city had other organizations that had access on certain nights of the month. Subsequently, Indiana Gaming Commission access might often be a problem.

Mr. Long reported that Argosy is going to get a permit from the Corps to build the city dock. The temporary permit for the casino and the permanent permit will come in tandem -- they will come together. The city dock permit will allow them to proceed with construction. Then they will issue both the temporary and permanent casino permits at the same time allowing Indiana Gaming to move forward with construction.

ACTION: Resolution 1996-6, A Resolution Concerning an Extension of the Certificate of Suitability Issued to Indiana Gaming Company, L.P. on June 30, 1995, was adopted unanimously extending their Certificate of Suitability to June 28, 1996, on motion by Bob Sundwick, second by Ann Bochnowski.

Review of Certificate of Suitability Issued to Rising Sun Riverboat Casino and Resort

Chairman Alan Klineman stated that on June 30, 1995, Rising Sun Riverboat Casino was also awarded a Certificate of Suitability and also was granted an extension on December 4, 1995, to expire on February 29, 1996. The Commission had indicated at the December 4 meeting that it would consider the extension of the Certificate of Suitability at a meeting held prior to its expiration.

Dan Azark, Hyatt Development Corporation, appeared on behalf of Rising Sun Riverboat Casino and Resort, introducing Pat Daly, Lisa Murray and Craig DeVault. He updated the Commission on recent applicant developments and activities. In anticipation of the project being developed and managed by Hyatt affiliates and in view of the challenges in marketing the location, a considerable number of enhancements have been made. Their original scope of work as reflected in the finding of suitability included an investment of 98.8 million dollars. As a result of these enhancements Rising Sun Riverboat Casino and Resort anticipates project assessments in excess of 110 million dollars. Hyatt remains committed to financing the cost. To date, over 113 million dollars have been expended. Additional commitments of over 60 million dollars have been made. The primary enhancements to the projects are as follows: approximately 100 additional acres of contiguous land was purchased to enable them to locate the golf course adjacent to the casino and the hotel. Mr. Azark indicated the purpose is to enhance the resort atmosphere of the project. The primary entrance to the resort is now through the golf course. They still hold an option on the land for the remote golf course location that was included in the original application. They have no plans for development of that parcel.

Mr. Azark reported that Hyatt has closed on the purchase of approximately 300 acres of

land. They have increased the size of the first phase of the hotel from 150 to 200 rooms, moving the hotel closer to the river, adjacent to the pavilion. The terminal pavilion has been increased in scope to accommodate four different food and beverage facilities and the location of the pavilion has been moved south, closer to Main Street of Rising Sun for the synergies that both the city and Rising Sun Riverboat Casino and Resort see in that proximity. It will also minimize the amount of dredging that will be required to moor the boat.

This reconfiguration, Mr. Azark stated, has the added benefit of allowing them to open with their permanent parking and with the permanent casino vessel in its permanent location. The purchase of the riverboat is eminent. The vessel they are obtaining will be equipped with 80 table games and approximately 1300 machines. They need to work with staff over the details of moving this gaming equipment into Indiana in the next couple of months. The boat is a stern-wheel paddle boat with excellent mobility and will be suited for the location. Mr. Azark reported that this vessel is more elaborate than the one that was in their original application.

The resort land has been annexed by the City of Rising Sun and has been rezoned as a planned unit development. Mr. Azark indicated these plans and elevations have been approved by the city. Rising Sun Riverboat and Casino has received some of the necessary State permits, including IDEM 401 certification and DNR's construction-in-a-floodway permit. Other permit progress was outlined in their November 30, 1995 letter addressed to the Commission. The certificate of suitability holder continues to seek Corps approvals as well. Mr. Azark reported that it is their understanding that the Corps is primarily concerned with the impact this project has on archaeological and other cultural resources. Review of their application by the Corps has been temporarily suspended pending review of what the Corps has viewed as unauthorized construction on the site. The applicant hopes to have the matter cleared up very shortly. Work on the site in Rising Sun will commence only upon receipt of Corps authorization and approval. They expect, Mr. Azark reported, to start construction of the parking lots and utilities at their own risk.

Mr. Azark indicated the Corps held a public hearing on the project on November 15, 1995. Commander Bruce Branham of the U.S. Coast Guard testified that subject to certain conditions the Maritime Risk Assessment Analysis is satisfactory and preparation of the Emergency Response Plan required by both the Indiana Gaming Commission and the Coast Guard will be prepared by Riverboat Management, Inc., of Lawrenceburg, Indiana. Mr. Azark reported this firm has operated the marine operations of their riverboat in Elgin, IL, and has been selected to oversee riverboat operations in Rising Sun.

Local government and the applicant have negotiated an amendment to the project agreement that approves the current development plans, provides an additional advance

payment of up to half a million dollars to the city to help defer the costs incurred by the city in its re-development efforts, and also establishes a not-for-profit recipient of the various established incentives to local government to which they had agreed. The applicant has posted a Letter of Credit in the amount of 5.4 million dollars to ensure the completion of various project components. The amendment also formalizes the applicant's requirements to advance funds for roadway improvements required by INDOT. Mr. Azark reported that discussions with INDOT are ongoing and have not yet been finalized. Local authorities and the applicant have also negotiated a utility agreement that provides for utility service to the project site and requires the applicant to make certain non-bearing interest loans to the utility to allow for upgrades to that system beyond those that are required for their project.

Special efforts have been made in all of their hiring practices to emphasize local participation. Mr. Azark indicated as construction proceeds, affirmative efforts will be made to maximize the use of qualified local, women and minority business enterprises. They are working with Hubert, Hunt & Nichols, their construction manager, to formalize that program (a copy will be provided to the Commission). Formal guidelines for purchasing goods and services for the ongoing operation will be prepared and submitted to the Executive Director of the Gaming Commission prior to the commencement of operations.

Mr. Azark indicated that their senior management team is today on staff in Rising Sun, including Mr. Duff Taylor, who serves as their gaming company's vice president of operations and will serve as the general manager. Both Mr. Taylor and Mr. Monte Denbo were unable to participate at today's meeting because of the heavy snow in the area. Mr. Azark offered their regrets.

In addition, Mr. Azark reported that Level I license applications for Mr. Taylor and their director of casino operations, director of finance, and table games managers have been filed with the IGC executive director. Rising Sun Riverboat and Casino (RSRBC) has a full-time employment office operating in Rising Sun that has received over 2,000 applications. They intend to begin dealer training on January 29. Mr. Azark indicated that their Certificate of Suitability requires that a bond be posted by the applicant no later than 60 days prior to the commencement of operations. They look forward to discussing the Gaming Commission's requirements at that time. The Certificate also requires that the applicant maintain appropriate levels of insurance. They are assembling a list of their current and anticipated insurance programs, and they will be submitted to the Gaming Commission under separate cover.

Finally, subsequent to the Commission's approval, Hyatt has converted its loan to RSRBC into a 50% ownership and a management interest in the development. Mr. Azark reported they look forward to working with the Indiana Gaming Commission, the staff, with the City of Rising Sun, with Ohio County, and with their partner to provide the State

of Indiana with a first-class facility in Rising Sun. Mr. Azark indicated he would be happy to answer any questions.

At this point, Chair Alan Klineman announced a 15-minute break. The Indiana Gaming Commission meeting will resume at 11:15 a.m.

The January 8, 1996, Indiana Gaming Commission regular business meeting resumed at 11:15 a.m. Chairman Klineman announced there would be no lunch break; the meeting will go through the agenda, include a discussion of the licensing in East Chicago and will continue until its completion. Short breaks may be taken.

Ann Bochnowski asked for a more detailed explanation of the unauthorized construction charge on the Rising Sun site. Mr. Azark pointed out that in early December the applicant received a violation notice from the Corps of Engineers. A Corps inspector had been on site and had seen major construction going on and had also witnessed construction trailers in a gravel parking lot that had been placed there in late summer or early fall 1995. There was an assumption that this construction had to do with their project, when in fact the major construction that was going on was storm sewer work the city was doing and totally unrelated to the riverboat project. For all appearances it looked like work on their site. Mr. Azark explained that the Corps is charged with making sure that cultural resources are not disturbed and is going through a process of having participants submit to them who did what, where, when, and how. All of that information has been given to them. Hopefully, the Corps will be on site at the end of this week or early next week to do a walk through and make a finding that cultural resources have not been disturbed. Mr. Azark pointed out that all indications show that there are no resources that have been disturbed. The area has been gone over by RSRBC's archeologists and appears to not be archeologically sensitive, although there are some archeologically sensitive areas on the 300 acres.

The Corps has continued to say this is a long, deliberate process. RSRBC does not have a good feeling as to when the Corps will grant the permit. Mr. Azark hopes the Corps will issue an authorization to begin construction on those portions of the site outside of the normal jurisdiction. That requires that they conclude their archeological review of their materials. The applicant thinks the Corps will allow them to start construction of the parking lot and site utilities. They look forward to commencing as soon as the Corps gives that approval. They will do it at risk.

Chair Klineman asked for RSRBC's time line. Mr. Azark indicated they think if they can get a head start on the site work (that has already been designed and bid at this point) they can be open 60 to 90 days after receiving the Corps permit. If they do not get a jump on the site work, he predicted 90 to 120 days after receipt of the permit. Further, they will start construction of the permanent pavilion and the hotel immediately upon receipt of the Corps permit. RSRBC thinks it can be done in about ten months. The permanent

mooring site and the parking lots will be operational when they open 90 days after they receive the Corps permit. They are limited in Rising Sun to a three-story, 40 foot high building, with the exception of the watch tower.

The U.S. 50 route improvements are important to the riverboat applicant because many of their customers will be using the highway. Their understanding from INDOT is that that work will begin in February or March. It is anticipated the construction period will last through the fall, so their customers will have to negotiate some construction traffic. Mr. Azark explained the golfers' entrance to the resort is along U.S. 56. An alternative entrance is on U.S. 30. A major piece of U.S. 56 (the slide area) improvements, just outside of Aurora, will have construction commence early this spring and go through the 1996 construction period. INDOT is thinking that before all specification approvals to U.S. 56 are finalized, they would like to see the traffic flows to and from the boat. RSRBC has already committed 2.5 million dollars as a direct allowance or grant and an additional 4 million dollars to be loaned (non-interest bearing) to the City of Rising Sun, which is a non-recourse loan that is to be paid back out of gaming revenue. RSRBC money will be used for signalization and road improvements in the City of Aurora to get people through that city. Any major work to U.S. 56 would be held pending a review of the traffic situation once the boat is open and stabilized.

Mr. Azark reported that the Kentucky State Historic Preservation officer is concerned that RSRBC's proposed watch tower may be too high and have a negative effect on a general store in Rabbit Hash, Kentucky. The applicant may have to change their plans. At least, Mr. Azark indicated, this is a matter of discussion.

Chairman Klineman indicated that the Gaming Commission received a letter from Monte Denbo from the Rising Sun Redevelopment Commission stating that Rising Sun is pleased with the positive progress Hyatt has made.

ACTION: Resolution 1996-7, A Resolution Concerning an Extension of the Certificate of Suitability Issued to Rising Sun Riverboat Casino and Resort, LLC on June 30, 1995, was unanimously approved on motion by Tom Milcarek, second by Bob Swan, to extend their Certificate of Suitability to June 28, 1996.

Review of Certificate of Suitability Issued to Trump Indiana, Inc.

Chair Alan Klineman announced that Trump Indiana, Inc. local attorney Don Tabbert is present to explain their request for an additional extension of their Certificate of Suitability. However, both Donald Trump and Robert Pickus are snowed in and not in attendance.

Mr. Don Tabbert addressed the Gaming Commission explaining that a recent letter from Mr. Pickus, Executive Vice President & General Counsel of Trump Hotels & Casino

Resorts, to Executive Director Jack Thar, gives an accurate summary of events from the last extension on September 30, 1995. Mr. Tabbert indicated that they went over by telephone each of the specifications contained in the letter. The anticipated opening is going to be in late April. Since September they have been going forward without impediment.

The joint venture that has been taking place between Barden and Trump is continuing. The demolition is complete. The parking area is almost fully graded. The Trump Princess (the permanent boat) is scheduled to be there in mid-April. As much as 11 million dollars have actually been expended on the boat. The 24 million dollar total price toward its construction is on budget and on schedule. Both Barden and Trump have each contributed 21 million dollars pursuant to the operating agreement regarding the facilities. The joint development agreement with the City of Gary has not been completed, but the situation is quite different than it was before. Mr. Tabbert reported that good progress has been made with the new mayor. They have reviewed everything with him and are very optimistic that there will be no more problems.

Mr. Tabbert indicated the Army Corps of Engineers gave them the permit on October 10, 1995. Trump Indiana, Inc. is finalizing the agreement with IVY Tech to train approximately 500 casino dealers. They have made significant progress in the development of the Buffington Harbor project. They have recently filled certain senior management positions, whose names are set out on page 3 of the letter. As of December 31, Trump has expended in excess of 37 million dollars and has entered into various contracts for the construction of the land-based and water-side facilities. By the April opening, they will have spent in excess of 80 million dollars on the acquisition, development and complete opening of the project.

Dr. David Ross commented on the projected April 1996 opening. With nothing to report above ground, he questioned how Trump would be ready that soon. Mr. Tabbert stated that they are planning to have the temporary opening in April. The first week of May has also been mentioned.

The access roads getting people in and out of the site are under construction. Mr. Tabbert indicated that although they had a slight delay because of the icy weather conditions, they are on schedule and will be ready to go. It is his understanding that the road will start off of Cline Avenue. There is still the stipulation that there can be only two lanes of traffic going under a particular railroad. Executive Director Thar added that this problem will take some long-term work with the railroad to see if they will agree to any change. At this particular point in time, the bottleneck of the railroad bridge is still a serious problem. Mr. Tabbert indicated that perhaps a routine shuttle service would be provided to accommodate tour bus passengers.

Commissioner Tom Milcarek questioned whether or not the April opening would be a

joint affair. Mr. Tabbert indicated he could not speak for Barden. He does know that the Trump Princess will be there. Every effort has been made to harmoniously work with Barden.

The Indiana Gaming Commission has received communication from those parties who in the original application were to be local investors and some communication concerning the foundation that was to be established. It is Chairman Alan Klineman's understanding that there is some conflict from the Trump people and the proposed local investors and that there will be a meeting on January 18 at 10:00 to include Bob Pickus to seriously negotiate the matter. Mr. Tabbert indicated there is a question two of the investors have raised and Trump is willing to sit down and discuss it. He stated that there is no problem with the foundation and that it is a solid commitment. That has not changed. The investors are raising certain legal questions that they believe have been raised when Trump went forward with the merger. According to Mr. Tabbert, even if the matter is not worked out and that matter is litigated, he does not think the Indiana Gaming Commission will be required to take any position on it at all.

ACTION: Resolution 1996-8, A Resolution Concerning an Extension of the Certificate of Suitability Issued to Trump Indiana, Inc. On December 9, 1994, to extend the Certificate till June 28, 1996, was unanimously approved on motion by Dr. David Ross, second by Bob Sundwick.

Review of Certificate of Suitability Issued to Barden Development (The Majestic Casino, LLC)

The Majestic Casino, LLC Executive Vice President Thomas Bonner introduced Paul Sykes, Vice President and general manager, who will have direct responsibility for the project. Mr. Bonner indicated that their present Certificate of Suitability expires on January 31, 1996. Construction at the project is proceeding. The work in the harbor pursuant to the Army Corps of Engineers permit is about 70% complete. The work has proceeded to the point at which it will provide winter protection for work on the mooring structures and the mooring barge.

With respect to the vessel that is controlled singly by Barden, Mr. Bonner indicated that they have executed a charter agreement for lease of the President V Casino boat. It is currently docked in Erie, PA. Certain modifications will be performed by President and certain modifications will be performed at Majestic's request. They expect the Coast Guard certificate to be issued once those modifications are complete. Barden is looking for a mid-March completion date for that work.

Mr. Bonner stated that the roadway work is proceeding, as well as grading and paving of the parking areas. Foundation work for the pavilion building commenced this week. Offset work on fabrication of the pavilion, as well as fabrication of certain glass and steel

bridge structures, is also under way. Mr. Barden's current investment in the project is approximately 32 million dollars, \$2,000,000 of which has been contributed to the joint venture.

Majestic's anticipation is that both their boat and the Trump boat will open at the same time for a common opening. They are looking at a spring date of late April, early May or mid-May. With respect to discussions with the City of Gary and the city development agreement, both Mr. Barden and he have met with Mayor King and representatives of his administration. Majestic will begin in earnest to clean up the draft development agreement with the city.

Mr. Bonner stated that he and Trump representative Bob Pickus plan to meet for several days in the middle of January to review the many joint issues that have to be addressed. The opening date is on the agenda. They want to target the realistic opening dates for both. They are enjoying a high degree of cooperation and good faith dealing with the Trump operation. He and Paul Sykes have had the advantage of working with the Trump organization people for many years and have developed a good personal relationship with them. They are very pleased with the way everything is progressing.

Majestic's boat configuration meets the standards necessary for operation on the Great Lakes. The final Coast Guard certification will have to be issued after the modifications are complete, the sea trials are conducted, and the Coast Guard physically investigates the vessel. Mr. Bonner anticipates no difficulties. In response to a question by Chairman Klineman, Mr. Bonner indicated that they have signed a five-year charter for this boat and plans for a substantially complete, detail-designed vessel have been put on hold at the present time. They want to focus on the President V and expect to finalize that design work early this year. Depending on what the results of operations are and what the market shows them, Mr. Bonner stated that it may be appropriate to commission the construction of the newer, larger vessel sooner rather than later. No decision has been made in respect to this. It is possible that they can operate the President V for up to five years. It is also possible that very early after events commence, they could want the newer, bigger boat. Those decisions will have to be made in the future.

Negotiating the operation of the two boats will also be discussed with Trump spokesmen. There is merit to operating the vessels on alternate schedules. Mr. Bonner indicated that Trump and Majestic have not come to any formal agreement. Executive Director Jack Than added that the Commission might think it would better benefit the State of Indiana for the boats to have an alternating schedule.

Mr. Bonner stated that Mr. Don Barden has had business discussions on an ongoing basis with various people who have expressed interest in becoming equity investors in the project. Mr. Barden is continuing to discuss with local investors their participation and has continued to offer them the option to participate. His current intention is to complete

the project with his own funds without a substantial equity investor.

Majestic spokespersons have met with the local investors within the last three weeks and have an upcoming meeting on Thursday of the current week. They anticipate that additional meetings will be scheduled. Mr. Bonner emphasized that they are in active, ongoing negotiations with the individuals who have expressed interest in investing in the project. They will keep the Commission advised as they come to some definitive resolution.

ACTION: Resolution 1996-9, A Resolution Concerning an Extension of the Certificate of Suitability Issued to Barden Development (The Majestic Casino, LLC), to extend the Certificate to June 28, 1996, was unanimously approved on motion by Bob Sundwick, second by Tom Milcarek.

Other Business

Chairman Alan Klineman remarked that, through the media, members of the Commission have heard that one of the members of the Legislature has felt that the Indiana Gaming Commission members have perhaps not served with the "legislative intent" that was intended when the Act was originally passed. The Commission was originally formed on September 1, 1993, pursuant to the statute and at that time, Mr. Klineman indicated on behalf of the then serving Commission members and himself that they intended to run the best type of operation that had ever been run in any state. Of course, the Commission is limited by the statute. They are a part-time commission and receive \$50 per meeting and are not paid for any time spent outside of the meetings. All of them have spent many, many hours in reviewing the voluminous material they have received and in considering the issues that are presented to them for decisions.

Obviously, Mr. Klineman stated, when the IGC makes decisions, there are those who do not receive the blessings of the Commission. Those applicants most probably feel that their project was better than the one that was chosen. Mr. Klineman emphasized that the one thing that anyone can say about the Indiana Gaming Commission is that no decisions were made for political reasons or were made in any fashion that would be contrary to the law. In September 1993 he had asked that all contacts with the Commission be made before the Commission. "Coming in the front door" was the analogy that he had adopted. Chairman Klineman congratulated the gaming industry because he does not believe in this 2 1/2 year period there have been any improper contacts for the Commission. He stated that this Commission has done the very best that it could under the mandate presented to it by the Legislature. The industry has always seemed to have faith in doing business in Indiana and has had confidence in this Commission. The most difficult endeavor has been to make the very tough decisions as to whom to award the certificates of suitability from among the very capable applicants. Chairman Klineman congratulated the Commission staff as well as the SPEA people and the State Police Investigation Division. There has never been any hint of any kind of favoritism in the selection process. He is proud of the Commission's record and takes personal offense at any one who

suggests that they have not carried out their duty to the extent required by law and to the best of their ability.

If the Legislature changes the law, the Commission will abide by any changes that are made and go forward and do whatever is required. Mr. Klineman emphasized that this Commission has discharged its duties to the citizens of the State of Indiana in an exemplary manner. That is something of which he is personally very proud.

Chairman Alan Klineman announced a 15-minute recess. The meeting would resume at 12:15 p.m.

Next Meeting

The next meeting of the Indiana Gaming Commission will be in LaPorte, Indiana, on Monday, February 12, 1996, at the Pine Lake Hotel and Convention Center. After the business meeting, the Commission may begin the hearings for the Michigan City site. On February 13 and 14, the hearings may start at 9:00 a.m.

Chairman Klineman announced that the Commission received, on January 5, 1996, a letter from Representative Robert Alderman, submitting that he as a member of the General Assembly intends to introduce a bill placing a one-year moratorium on the licensing of applicants in Indiana. Representative Alderman expressed his desire that the Commission postpone the hearings. In Executive Director Jack Thar's January 5 response to Representative Alderman, he indicated he would bring the matter before the Commission.

Mr. Klineman pointed out that the Indiana Gaming Commission also received three letters from other members of the House of Representatives asking that the Commission continue to follow the law and proceed with the process to issue or deny the certificate of suitability for East Chicago. The Commission will continue with the process.

Licensing Discussion Concerning the City of East Chicago

After considerable discussion (see transcript from Shirey Reporting Service), the Commission voted unanimously to award the Certificate of Suitability to Showboat Marina Partnership.

Adjourn

The meeting was adjourned at approximately 1:15 p.m. by unanimous Commission vote upon motion by Dr. David Ross, second by Bob Sundwick.