

INDIANA GAMING COMMISSION
REGULAR MEETING

11:00 am January 14, 1994 Conference Center
Auditorium Indiana Government Center South

MINUTES

PRESENT: Commission members Alan Klineman, Ann Marie Bochnowski, Gene Hensley, David E. Ross, Jr., Donald Raymond Vowels; Staff members John J. Thar, Kay Fleming, Judy Greene, Floyd B. Hannon, Pam Ayres, and an audience. ABSENT: Commission members Robert W. Gilmore, Jr., & Robert W. Sundwick.

Call of order and roll call

Chairperson Alan I. Klineman called the meeting to order at 11:05 a.m. welcoming everyone present. He called the roll and indicated that although Commission members Robert Gilmore and Robert Sundwick were absent, there is a quorum.

Approval of the minutes of December 10, 1993, meeting

The minutes of the December 10, 1993, meeting were approved as circulated on motion by Gene Hensley, second by Ann Marie Bochnowski.

Report from the Executive Director

Chairman Klineman announced that Executive Director John J. Thar and his staff have been very active the past thirty days. Director Thar introduced new staff secretary, Pam Ayres, who would be taking the minutes of the meeting. He updated the commission on the development of the investigative teams. Space has been allocated in the Government Center North Building. State police participation has been agreed to in principle. The standard operations procedures have been developed in rough by Deputy Director Floyd Hannon in conjunction with Major Don Brackman of the Indiana State Police and are in a position to be finalized. He announced a target date of February 1, 1994, for the investigative team members to be identified and to begin training.

Director Thar reported that Memoranda of Understanding are being developed between the Indiana Gaming Commission and the Indiana Department of Revenue, and the Indiana Gaming Commission and the Indiana State Police, for the overall coordination of the investigative teams and for the long-term coordination of relationships between the Gaming Commission and the other two agencies. He indicated that the Indiana Gaming Commission (IGC) is receiving responses from other gaming regulatory agencies across the United States to his letter requesting a Memorandum of Understanding with each agency to facilitate the sharing of information for both the investigative phase and the long-term operations. An MOU has been entered into between the IGC and the FBI, and MOUs are being developed with other federal agencies.

Executive Director Thar reported on a proposal (see attached) from the Center for Urban Policy and the Environment of the School of Public and Environmental Affairs, functioning out of Indiana University-Purdue University, Indianapolis, to provide to the IGC an evaluation of the projected economic development impacts, the financial capabilities and management plans of each applicant for an owner's license. This independent evaluation will cost each applicant \$16,000, and the IGC will receive an individual analysis of each applicant. In addition, the center will continue to evaluate the economic impact of the licensee on the city and on the state over a five-year period and report this to the Commission.

Minority Business Development representatives from the Department of Administration, Department of Commerce staff and representatives of the City of Gary and its various minority and small business development organizations met with IGC staff this week. The immediate purpose of the meeting was to bring together the various state agencies that may be involved in the certification of MBE/WBE and to address the goals of the City of Gary for local and minority business opportunities that will arise. It is the IGC's goal to coordinate the certification process within the state.

Staff has met with the Alcoholic Beverage Commission and will be meeting next week with the Commission on Proprietary Education. These meetings will ensure that the agencies are coordinated in the regulating and licensing of alcoholic beverages and training schools. Mr. Thar reported that all of the meetings with other state agencies have gone extremely well.

Mr. Thar reported that tentative plans have been made for staff to meet on January 25 with the Louisville district of the Army Corps of Engineers and with the Detroit District on January 28, 1994. The results of these meetings will be reported to the Commission.

Ongoing meetings with the State Budget Agency are occurring to ensure that proper authorizations are in place for IGC fiscal expenditures.

Based upon working with the statute and review by Chief Legal Counsel Kay Fleming, Mr. Thar believes that the IGC should be able to carry out its statutory obligations without any legislative changes at this time. Mr. Thar added that this assessment is reviewed daily as new questions of the statute arise. The Commission will be advised if any legislative changes are needed in this session. It has been the objective of staff to utilize as many in-place agencies as possible. He stressed that the present objective of the Commission is not to duplicate any function already in place in the state. Director Thar concluded his report and asked for questions.

Chairman Klineman congratulated the IGC on utilizing agencies that already exist.

Gene Hensley requested further explanation of the \$16,000 additional fee for the SPEA investigation.

As the IGC has presently estimated that a full-background investigation would cost approximately \$65,000 per applicant, Mr. Thar explained that if more applicants apply, then the fee per application may be closer to the original \$50,000.

Ann Bochnowski asked Mr. Thar to explain the state police involvement in the applicant background check process. He indicated that the present setup is a supervising sgt. for every seven-member team. The Indiana State Police will provide four investigators with two additional personnel from the Department of Revenue and one from the Internal Revenue Service for each team. In addition, the state will provide a master sergeant and a lieutenant to supervise the operation. They will also supply support personnel. A total of 24 people will be divided into 3 teams. Once the information is verified, it will be turned over to The Center for Urban Policy and the Environment and, by utilizing their various models, an objective model as to economic impact will be developed. Law enforcement officers will not be doing an economic development check. We should have a report in approximately 90 days. Mr. Thar explained that IGC is not going to hire outside law enforcement employees at this point; the assistance of the Indiana State Police, the Department of Revenue and the IRS is essential to be able to provide the Commission with the thorough type of investigation that will be necessary in the application process.

Chairman Klineman acknowledged the benefit of using trained investigators and the value of providing further training that may be available from other states who have experience in gaming. He reiterated that the Commission has been conducting public meetings, but not public hearings. He added that the Commission will want to hear from every side during the licensing process.

Old Business. One time amendment fee for applicants in non-successful referendum counties

The question has arisen whether applicants in areas where referenda failed may transfer an application and original application fee to a new site. Chairman Klineman noted that under existing statute the \$50,000 application fee is non-refundable.

Director Thar indicated that Resolution 1994-1 speaks to this issue in establishing a one-time docksite amendment fee for applicants in a county that did not pass the November 2, 1993, referendum. It will give these applicants three options in that they can advise

the Commission that:

- 1) the applicant does not want to further pursue its application and forfeits the fee; or
- 2) the applicant will stay and wait for a referendum to come again in two years, at which time the public question concerning riverboat gambling may again be placed on the ballot; or
- 3) the applicant may amend its application on one occasion only to specify a home docksite in a city or county which has either passed the referendum or will hold a referendum in the future at which time a non-refundable docksite amendment fee (to be established by the Commission) will be charged to applicants who choose to amend the application for purposes of changing the home docksite location.

The resolution passed unanimously on motion by Ann Bochnowski and second by Dr. David Ross. (Resolution is attached.)

New Business. Deadline for Riverboat Owner's License Application, Part II and the Policy Disclosure Form 1

Mr. Thar reported that December 17, 1993, was the date that Part II and the Personal Disclosure Form 1 became available. He further explained that the purpose of Resolution 1994-2 is to set a firm deadline for Part II of the application and the PDF 1 for Gary and other locations that approved riverboat gambling in the November 2, 1993, referenda. For those applicants pursuing an Indiana Riverboat Owner License for the City of Gary, the deadline is 12:00 noon (Indianapolis time) February 15, 1994. The deadline for those applicants specifying a site which passed the referenda on November 2, 1993, more specifically, Dearborn, Ohio, Switzerland, and Vanderburgh Counties on the Ohio River, LaPorte County and East Chicago and Hammond on Lake Michigan, is 12:00 noon (Indianapolis time) April 4, 1994. The staff of the Commission will conditionally accept Part II of the Indiana Riverboat Owner License Application and Personal Disclosure Form 1 which are not timely filed.

Executive Director Thar read aloud Resolution 1994-2 (see attached). The resolution passed unanimously on motion by Dr. Ross and second by Don Vowels.

Other Business. A Proposal - The Evaluation of the Projected Economic Impacts and the Financial Capabilities and Management Plans of Applicants for Licenses from the Indiana Gaming Commission by The Center for Urban Policy and the Environment.

Chairman Klineman remarked that since the Commission members had not had an opportunity to review the proposal, as it arrived only yesterday and had been given to members only that morning, that the Commission take time to review it carefully. If there are any concerns, please advise staff within the next one of two weeks.

Gene Hensley asked for a clarification of Resolution 1994-1 indicating that an applicant could apply for more locations than one if they are willing to pay the \$50,000 fee, but can only be approved for one. Executive Director Thar explained that the first one approved for the applicant would be the only one they could receive. There is no limit on how many applications an applicant makes but Resolution 1993-11 states that an applicant may have up to 100% ownership in one location, and no more than 10% ownership in another.

Other Commission Meeting Sites.

Ann Bocknowski inquired about the possibility of meeting again in Gary or having monthly Commission meetings in other locations. Mr. Klineman indicated that it will probably be spring before other sites are visited. Alan Klineman announced that the IGC would be meeting at 12:00 noon following the Public Meeting in Room E-203 IGCS to discuss pending litigation.

Next Meeting.

The next meeting will be held at 11:00 a.m. on Friday, February 11, 1994, in the Auditorium of the Indiana Government Center South.

The Commission adjourned at 11:45 a.m. on motion by Gene Hensley, second by David Ross.