

**INDIANA GAMING COMMISSION
REGULAR MEETING**

**11:00 a.m., April 17, 1996
ISTA Building Auditorium
150 West Market Street
Indianapolis, IN 46204**

PRESENT: Commission members Alan I. Klineman, Chair; Ann M. Bochnowski, Vice-chair; Thomas F. Milcarek; David E. Ross, Jr., M.D., Robert W. Sundwick; Robert W. Swan; Donald R. Vowels; Staff members Jack Thar, Floyd Hannon, Kay Fleming, Jill Copenhaver, Pam Ayres and an audience.

Call to Order, Roll Call, and Announcements

Chairman Alan Klineman called the meeting to order at approximately 11:06 a.m. noting that a quorum was present. All commissioners were in attendance.

Approval of the Minutes

On motion by Bob Swan, second by Ann Bochnowski, the minutes of the March 20, 1996, meeting were unanimously approved. (At a later time in the meeting, the minutes of the March 13, 1996, meeting were also unanimously approved on motion by Dr. David Ross, second by Bob Swan.)

Report of the Deputy Director

Deputy Director Floyd Hannon gave an update on a meeting with the U.S. Coast Guard and Bill Dove, Innovative Archival Solutions. The Indiana Gaming Commission (IGC) has designated Innovative Archival Solutions to supply employee processing and licensing equipment. By federal statute, the Coast Guard must license all company employees who will be working on a riverboat in Lake Michigan. A workable plan ensures that information will be shared with the Coast Guard and that no employee is processed twice. The IGC will enter into a Memorandum of Understanding to establish the procedure.

The Aztar figures for March will be released on April 22, 1996. The preliminary review indicates the results to be favorable and increased from previous months.

The Majestic Star is still hoping to initiate the opening process shortly after Memorial Day. The boat should arrive in Buffington Harbor by the end of the month. The Commission has scheduled processing of employees beginning May 6 for both the Trump boat and the Majestic Star. It is expected the processing will take about two weeks to complete and will take place at

the Genesis Center.

Mr. Hannon reported that Trump Indiana is to arrive at Buffington Harbor by the end of April as well. Absent any major problems with the bonding issue, the Commission will attempt to initiate opening procedures for both boats simultaneously the week after Memorial Day. The schedule will consist of a play-money cruise, a shakedown cruise and a reconciliation period to ensure all systems are operating to Commission satisfaction. It is expected that these procedures will take approximately a week to complete.

The Empress Hammond is scheduled to initiate opening procedures the last week of June. Both employee and equipment processing will have to be handled immediately after the processing in Gary.

A ground-breaking ceremony for Showboat is planned for Friday, April 19, 1996, at the Pastrick Marina.

Mr. Hannon reported that the Rising Sun boat is now in Indiana. Commission representatives report it has escalators and an atrium. It is larger than the Evansville boat, The City of Evansville, and has a working rear paddle wheel.

As previously reported, an Army Corps of Engineers problem is ongoing regarding placement of trailers on the Rising Sun property without any prior Corps approval. The Corps is still continuing its investigation.

Former IGC Director of Public Affairs Janine Hooley has left the Gaming Commission to accept a position with the State Department of Health. The Commission is currently trying to develop criteria to add personnel to the auditing staff.

Arrangements for the May 6-8 Harrison County hearings in Corydon, Indiana, are being finalized. Deputy Director Hannon indicated that only the four applicants for Harrison County will be heard. At this same time, however, Commission members and representative staff will tour both the sites in Harrison County as well as the site in Crawford County. The Commission has issued a public notice that it will also hear public comment from persons interested in a license for consideration in Harrison, Crawford or Switzerland Counties. The Commission has requested that these comments not include persons merely wishing to endorse particular applicants nor include persons who have previously presented views to the Commission. Mr. Hannon indicated that Switzerland and Crawford Counties are included because Commission staff anticipate their hearings will be held in Indianapolis. Therefore, this will be the last opportunity for the public to have close access to the Commission. Time will be given for both government entities in Switzerland and Crawford Counties to address the Commission at their Indianapolis hearings.

Old Business

No old business.

New Business

Rules and Forms

Chief Counsel Kay Fleming reported that the Commission is adopting several rules to be published in the June 1 *Indiana Register*. Those include Article 1, Rule 12 - Complimentary Chip and Token Distribution Programs; Article 11, Rule 7 - Sensitive Key Control; Article 14, Rule 16 - Destruction of Counterfeit Chips and Tokens; Article 15, Rule 11 - Electronic Gaming Device Hopper Fills and Credits; and Article 16, Rule 1 - General Provisions. These are set forth in **Resolution 1996-21**. The rules will be published on June 1 and the hearing will be held approximately three weeks thereafter. Pursuant to the resolution, the IGC will adopt these and be acting under them pending formal promulgation.

ACTION: Resolution 1996-21, A Resolution Adopting Article 1, Rule 12; Article 11, Rule 7; Article 14, Rule 16; Article 15, Rule 11; and Article 16, Rule 1 for Publication as Proposed Rules, was unanimously adopted on motion by Don Vowels, second by Tom Milcarek.

Chief Counsel Kay Fleming introduced **Resolution 1996-22**. She reported that the Commission has been processing applications for suppliers' licenses and has issued temporary suppliers' licenses, pending completion of investigations. The IGC has had inquiries from some of those who have been issued temporary suppliers' licenses that they are considering transferring ownership interest, thus necessitating a form that needs Commission approval. Ms. Fleming introduced the form the Commission has devised to allow submission of an application to allow suppliers to transfer ownership interest so that an investigation can be completed on the new entity. This same form will be used to transfer interest in a permanent supplier's license.

ACTION: Resolution 1996-22, A Resolution Adopting and Prescribing the Transfer of Ownership Interest in Supplier License Application Form, was unanimously approved on motion by Don Vowels, second by Ann Bochnowski.

Notification of Name Change for New Albany Landing Company, LLC to be Changed to Players Harrison County, LLC

Deputy Director Floyd Hannon reported on a March 22, 1996, request from John Barnett, attorney for New Albany Landing Company, LLC, to change its name to Players Harrison County, LLC. This applicant has filed the appropriate paperwork with the Indiana Secretary of State and has supplied the Commission with a copy.

Hearing no objection, Chairman Alan Klineman noted that New Albany Landing is now Players Harrison County, LLC.

Temporary Suppliers' License Requirement for WMS Gaming, Inc.

Deputy Director Floyd Hannon indicated that WMS Gaming is a subsidiary of WMS Industries and is a publicly traded company out of Chicago, IL, and produces electronic gaming devices. They also operate three hotels and casinos in Puerto Rico and plan to supply electronic gaming devices to the Indiana casinos. The company began in 1974 but has only been in the gaming device business since 1991. Gaming Enforcement has conducted a preliminary background investigation including the inspection of the facilities in Chicago. Based on the results of this investigation, Commission staff recommend that WMS Gaming be awarded a temporary supplier's license, pending the completion of the entire investigation. **Resolution 1996-23** would grant the temporary supplier's license.

ACTION: **Resolution 1996-23, A Resolution Granting Temporary Supplier's License to WMS Gaming, Inc.,** was unanimously adopted on motion by Tom Milcarek, second by Dr. David Ross.

Waiver of Supplier's License Requirement for Riverboat to be Leased to Majestic Star Casino

Chief Counsel Kay Fleming indicated that pursuant to IGC rules, specifically 68 IAC 2-1-1, the lessor of a riverboat would need to obtain a supplier's license in order to lease a riverboat to a licensee. On March 27, the Commission received a letter from Majestic Star Casino notifying the Commission it would lease the President Casino V from New Yorker Acquisition Corporation, a subsidiary of President, and requesting that that requirement for a supplier's license be waived. After careful review, Commission staff recommends that the requirement that the New Yorker receive a supplier's license be waived.

Ms. Fleming further commented that during the initial applicant presentation in Gary, it was indicated that Barden-President would be leasing President Casino V. The Commission has known all along that this boat would be leased. Secondly, President Casinos was part of the original application with Barden-President. After the Commission's thorough investigation, they were awarded a Certificate of Suitability -- therefore, they were found suitable for licensure. Thirdly, the riverboat itself will not have any gaming or surveillance equipment. It will be just a lease of the boat. The Commission staff therefore recommend that this recommendation be accepted.

ACTION: Chairman Klineman requested that the IGC record show that Ms. Fleming has made available to the Commission a copy of an April 10, 1996, letter whereby she

sets forth the matters that have just been discussed, the reasons why the waiver seems to be in order in this matter, and that per this particular letter, she would present it to the Commission. At this time and place and hearing no objections, the Commission will go forward and allow the leasing of the boat without the necessity of a supplier's license.

Surety Bond for Majestic Star Casino

Special Counsel to the IGC, Virginia Dill McCarty, reported that on April 8, 1996, Majestic Star Casino LLC posted a letter of credit issued by NBD Bank Indiana in the amount of \$12,500,000 pursuant to IC 4-33-6-9 and the Majestic Star Certificate of Suitability. Ms. McCarty referred commissioners to a packet of material including a copy of their letter of credit and an instruction from Majestic Star's Certificate of Suitability of the amount that they promised to the city. Ten million dollars secures the City of Gary improvements and \$2,500,000 secures all other financial obligations plus the obligation to remain at the site for five years or until another owner is licensed to operate from that site instead of the Majestic Star. In her opinion, the terms of the Letter of Credit are satisfactory and its issuer is satisfactory.

Ms. McCarty recommended approval of the Letter of Credit as fulfilling Majestic's statutory obligation until further order of the Indiana Gaming Commission.

Chief Counsel Kay Fleming explained that **Resolution 1996-24** does in fact approve the Letter of Credit, but Majestic Star has further indicated to Commission staff that in the future it would like to replace the Letter of Credit with a surety bond. Both Commission staff and Ms. McCarty are currently working with Majestic Star as well as the surety company to find acceptable language. In addition to approving the Letter of Credit, this resolution would allow the Commission staff to review the language of the surety bond and allow the Letter of Credit to be replaced with the surety bond, pending final approval by the Commission. After acceptable language is finalized, the staff would recommend approval and present that to the Commission at its next meeting.

ACTION: Resolution 1996-24, A Resolution Approving the Bond that is to be Posted by Majestic Star Casino, LLC, was unanimously adopted on motion by Bob Swan, second by Dr. David Ross.

Surety Bond for Trump Indiana, Inc.

Attorney McCarty indicated that she understood that Trump Indiana is withdrawing the posting of its bond from the agenda. Chairman Klineman concurred.

Surety Bond for Casino Aztar

Special Counsel Virginia Dill McCarty reported that Aztar Indiana Gaming has posted

Irrevocable Standby Letter of Credit No. 103 issued by The National City Bank of Evansville in the amount of \$2,000,000 and has requested that Letter of Credit No. 103 replace its deposit of \$2,000,000 cash that was on deposit with the Treasurer of the State of Indiana. In her opinion both the terms of the Letter of Credit and the issuer are satisfactory. Therefore, she recommended that the Commission approve Aztar's Letter of Credit No. 103 authorizing the release to Aztar of the \$2,000,000 cash Aztar has on deposit with the Treasurer of the State of Indiana as security for its obligations under IC 4-33.

ACTION: Resolution 1996-25, A Resolution Allowing Aztar Indiana Gaming Corp. To Post Letter of Credit No. 103 to Replace the Cash Deposit that was Posted in December 1995, was unanimously adopted on motion by Don Vowels, second by Tom Milcarek.

Other Business

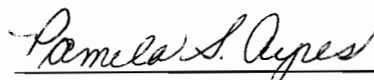
No other business.

Adjourn Business Meeting to Commence Public Hearings for Applicants for a Riverboat License at Michigan City, Indiana

Chairman Alan Klineman adjourned the business meeting at approximately 11:35 a.m., announcing that after a short break of ten minutes or so, the three Michigan City applicants, as well as the City of Michigan City spokespersons, would make short presentations to the Commission. Subsequently, the deliberation process would follow.

Chairman Klineman announced the presence of a large contingency from Crawford County.

Respectfully submitted,


Pamela S. Ayres

THE INDIANA GAMING COMMISSION:


Alan I. Klineman, Chair

ATTEST:


Donald R. Vowels, Secretary