

Dispute puts Gary casino development on hold

Casino owner Don Barden put plans on ice this week for a hotel, condominiums and other lakefront attractions after Mayor Rudy Clay criticized a deal brokered by Barden and former Mayor Scott King.

„Everything is on hold,“ Barden said. „I’m not going to be investing tens of millions, if not hundreds of millions, in a hostile environment.“

Clay questioned the legitimacy of the development agreement struck by Majestic Star casinos owner Barden and the former mayor just months before King resigned in late March.

Barden last month hired King as a consultant to his Barden Development company.

„The document that they signed was not made public and did not go through the Board of Works and the Gary City Council,“ Clay said Monday.

The deal reworked a previous agreement between the city and the former Trump Casino that Barden acquired last year. It calls for Barden to deposit 3 percent of the casino’s adjusted gross income with the city, compared to 4 percent deposited by Trump.

The original Majestic Star continues to contribute 3 percent to city coffers.

Barden and King defended the new agreement Monday, saying it guarantees a minimum \$ 6 million annually deposited with the city from the casino, a guarantee not in place earlier.

Any additional income due the city would be spent on lakefront developments.

King's consulting job with Barden calls on him to advise on lakefront improvement projects.

Neither Barden nor King would say what King is to be paid as a consultant.

Barden's USD 253 million acquisition of the Trump Casino included a commitment to building a hotel, condominiums, a medical clinic and other projects at the Gary lakefront.

But Clay said Monday the lakefront is not the focal point of his administration.

„I'm a supporter of lakefront enhancement," Clay said, „but not at the expense of the people in the neighborhoods. My priority is the neighborhoods.“

Clay was chosen by the Gary precinct organization to fill King's position and faces election next year to keep the job.

Ernest Yelton, executive director of the Indiana Gaming Commission, would not comment Monday on the development agreement.

The commission does not participate in brokering development agreements between casinos and their host cities, Yelton said.

The agreements typically have been worked out by elected officials of host cities and the casino companies vying to locate in them, Yelton said.

However, the commission last year decided to step up its oversight of such agreements and now requires a clause be inserted in them agreeing to the commission's right to investigate if it's deemed necessary.

Since November, the commission has called for the clause to be added to the Barden-King agreement, Yelton said.

Barden said Monday he plans to meet with Clay this week to

work out their differences.

„I think Clay is a reasonable man,“ Barden said. „He’s progressive. He’s going to want to do what’s best for the city of Gary.“

Barden said he had no inkling when he and King negotiated the development agreement late last year that the mayor would later resign.

„The farthest dream was that he would be a consultant to us,“ Barden said.

King said he and Barden never met until April, after he’d left office, to discuss the consulting job.

King kept his hiring by Barden to himself, despite intense speculation in the community about his plans after leaving the mayor’s office.

„It was simply not relevant, and that’s what is tough when somebody transitions from the public to the private sector,“ King said. „For 10 years everything I did was everybody’s business, but now it’s my business.“

King said the re-negotiated agreement, with provisions to improve the lakefront, will better position the Gary casinos to compete with the new, larger Blue Chip in Michigan City and Hammond’s Horseshoe casino, where \$ 485 million will be sunk into a new, bigger riverboat and other improvements.

„My judgment is we were best served to reach an agreement that facilitated strengthening our casino operation,“ King said.