INDIANA GAMING COMMISSION

REGULAR MEETING

MAY 7, 1996

9:15 A.M (EDT)

HARRISON COUNTY PRESENTATION

HARRISON COUNTY QUESTIONS AND ANSWERS

HARRISON COUNTY GAMING COMPANY, LP PRESENTATION

HARRISON COUNTY GAMING COMPANY, LP QUESTIONS AND ANSWERS

HORSESHOE CASINOS (INDIANA) LLC PRESENTATION

HORSESHOE CASINOS (INDIANA) LLC QUESTIONS AND ANSWERS

5:30 P.M. ADJOURN

THE MEETING IS CALLED TO ORDER

COMMISSION MEMBERS PRESENT ARE:

ALAN I. KLINEMAN, CHAIR:

ANN M. BOCHNOWSKI, VICE-CHAIR;

THOMAS F. MILCAREK:

DAVID E. ROSS, JR., M.D.:

ROBERT W. SWAN:

DONALD R. VOWELS

ALSO PRESENT ARE STAFF MEMBERS:

JACK THAR, FLOYD HANNON, KAY FLEMING, JILL COPENHAVER, PAM AYRES, AND AN AUDIENCE.

MR. KLINEMAN: I guess we do have to move to the first row for the Harrison County presentation because the monitors apparently are hooked up to a different presenter. So we'll call the Meeting to Order. All the Commissioners are now present. And with that the Commission will move to the front row and we'll ask that the Harrison County presentation will be made then for, I hope, a half hour and then we'll have some questions for you.

JUDY HESS: My name is Judy Hess. Welcome to Harrison County. I'm a long time Harrison County resident and I've been involved with the effort to bring riverboat gaming here from the beginning. I co-chaired the Riverboat

Harrison County

1 Casino Task Force and I now am
2 the Chairwoman of the Riverboat
3 Evaluation Team. Among the gentle-
4 men to my right are three that
5 you'll be hearing from a little
6 later. Here at the end of the
7 table is Greg Albers. Greg serves
8 on the County Council and is a
9 member of the Riverboat Evaluation
10 Team. Next to Greg is Terry
11 Miller. Terry is a member of the
12 Evaluation Team and serves as the
13 President of the Harrison County
14 Commissioners and to Terry's
15 right is Steve Haggard. Also a
16 member of the Evaluation Team,
17 Steve is the President of the
18 Harrison County Council. We are
19 so pleased to have you here in
20 our community and grateful for
21 the opportunity to show you why

Harrison County is the right place for a riverboat casino. In the next few minutes we will present to you what is great about Harrison County and what could be better. We will also explain our plans, should we be awarded a license, for investing tax revenues here and how we would share them with our neighbors. Let's begin by letting the people of Harrison County tell you about their community.

(Video is shown)

The people of Harrison County don't believe the State or the Gaming Commission riverboat, we do believe however the selection of Harrison County would provide the most benefits to the most people throughout southern Indiana.

(TERRY MILLER SPEAKING)

Driving across the Sherman Minton Bridge, coming from Louisville on I-64, behind me are nearly a million people, the largest metropolitan area in Kentucky. Ten minutes later I'm crossing the Harrison County line. The fact is Harrison County is very accessible to Louisville, and that accessability will have a big impact on the success of riverboat gaming here in Indiana.

(PAM BENNETT SPEAKING)

There aren't many bridges across the Ohio River but there's one in Harrison County on State Road 135 across from Brandenburg, Kentucky. Only fifteen (15) miles from Corydon, our County Seat, and I-64, and as everyone

knows with I-64 connection, we're close to St. Louis and Evansville to the west, and Louisville and Lexington to the east.

(TERRY MILLER SPEAKING)

Speaking of I-64, you know it connects to 265. And we're only a couple of hours from Indianapolis too.

(ART STEWART)

INDIANAPOLIS! Isn't that where they moved the Capitol? I always wondered if they hadn't moved the Capitol we might have ended up with that big car race. THE CORYDON 500! Wouldn't that have been something.

(SPEAKER UNKNOWN)

It's too bad we lost the Indy 500 but Harrison County has its own history. One of two Civil

1 War Battles fought on northern
2 soil happened right here July 9th,
3 1863. The local militia lost the
4 battle but we know who won the
5 war.
6 This Park is registered in
7 the National Register of Historic
8 Places and is part of the Harrison
9 County Parks Department. We try
10 to keep it open year round but
11 our money can only stretch so far.
12 Last year we had to lock the gate
13 for part of the year. One thing
14 we know for sure, if we had the
15 additional tax dollars from a
16 riverboat casino, we could invest
17 some of them in our county parks
18 department. Believe it or not
19 we have seven (7) county parks
20 including the 220-acre South
21 Harrison Park. Here's our Harrison

Poolside Park. Buffalo Trace Park. Walter Q. Gresham Memorial Park. And our beautiful Hayswood Nature Reserve where nature is preserved for this and future generations.

People come from all over the State, from all over the Country to visit Harrison County, and we're proud to share our heritage and beautiful outdoors with them. We show you our parks because we think it tells you a lot about the people of Harrison County.

If you want to know where a county will invest its tax dollars in the future, look to where they have invested in the past.

Yes, this is Harrison County, Indiana, population 32,000. We're

1 not rich but we're not poor;
2 we're not arrogant but we are
3 proud. We went to the polls and
4 voted yes for a riverboat casino,
5 not because we thought it would
6 make us rich, but because we be-
7 lieve it will make us better.
8 By better, we mean a better infra-
9 structure to support the increased
10 population that's spilling over
11 our county line from Louisville
12 and New Albany. Eight hundred
13 (800) new lots have been approved
14 for development. That means new
15 roads, more water, sewage, class-
16 rooms, teachers. The fact is
17 four thousand (4,000) of the
18 people who live here now commute
19 forty-five minutes or more to go
20 to work somewhere else. So when
21 we talk about making Harrison County

1 better, we're talking about a
2 stipulated economy which would
3 mean the people who live here
4 will have more choices, more jobs,
5 and more opportunities to open
6 businesses, all right here in
7 southern Indiana. We say "southern
8 Indiana" because we know if Harrison
9 County were to prosper so would
10 the adjacent counties. Just as
11 many of the people who live here
12 don't work here, a lot of the folks
13 who work here don't live here.
14 Of the thousands of new jobs
15 created through economic develop-
16 ment in Harrison County over the
17 past ten (10) years, fifty percent
18 of the workers live somewhere
19 else, mostly in neighboring counties.
20 It adds up to this: Harrison County
21 is a great place to live and work.

1 We have a stong work force in
2 place and we've proven we can meet
3 the challenges of growth. All of
4 these things we believe further
5 enhance the prospect for success
6 of riverboat gaming in Indiana.
7 Finally, we want you to know
8 that we will invest new revenues
9 in our future and in our past.
10 We'll shore up our infrastructure
11 and enhance our schools. We'll
12 also preserve our history, our
13 natural beauty, and our rural
14 American values. We are a county
15 whose people and elected leaders
16 dared to dream. We dreamed that
17 someday we'd be able to preserve
18 all the things that make our little
19 corner of the world special and
20 share them with future generations.
21 We dreamed that we could find a
way to provide our young people with

a better education and more opportunities so they would stay here, carry on our traditions. We don't believe a riverboat casino is the answer to everything. We still have our feet on the ground. We do believe that true long-term answers for enriching the lives of the people in Harrison County can only come from within and within Harrison County we believe you'll find progressive, fair-minded people with generous hearts ready to preserve the past, invest in the future, and share any new prosperity with our neighbors.

(ART STEWART)

My idea is we widen Indian Creek and change the name to something like "The Little Ohio" and we bring that boat up here and park

1 it right alongside the old State
2 House. Of course, I reckon that's
3 up to the Gaming Commission. Be
4 sure to tell them that's my idea.
5 (APPLAUSE) (End of video)
6 GREG ALBERS: Good morning.
7 I'm Greg Albers. With your visit
8 here the long journey began more
9 than two years ago is now near an
10 end. Late in 1993 I introduced a
11 docking ordinance necessary to
12 place the riverboat on the May
13 ballot. Following that at a
14 joint meeting of the Council and
15 the Commissioners on January the
16 8th, 1994, it was decided to select
17 seven (7) citizens to form a task
18 force to study the possibility of
19 bringing riverboat gaming to
20 Harrison County. Co-chaired by
21 Judy Hess and Art Stewart, the

1 Task Force quickly began the fact
2 finding process. They visited a
3 riverboat casino in the region and
4 spent hours on the phone with
5 business owners, mayors, chiefs
6 of police and residents of communities
7 where riverboat gaming currently
8 exists. They wanted to find out
9 for themselves whether casinos were
10 a boom or a bane to these towns.
11 They even toured Casino Aztar City
12 of Evansville while it was under
13 construction at Jeffboat in
14 nearby Jeffersonville. An exhaus-
15 tive public input process was ini-
16 tiated at a number of hearings
17 where the Task Force recorded the
18 comments and concerns of Harrison
19 County residents. After months of
20 study the Task Force reported to
21 the Council and the Commissioners

1 that the potential benefits to a
2 community hosting a riverboat casino
3 could be considerable. A referendum
4 authorizing Harrison County to seek
5 a license was placed on the
6 ballot and approved by voters in
7 May of 1994. Following the vote
8 three (3) members of the Task Force
9 formed the Riverboat Evaluation
10 Team along with three (3) at large
11 members of the County Council and
12 the three (3) County Commissioners.
13 Although the Evaluation Team had
14 decided against recommending a
15 particular developer to you, its
16 mission was to obtain detailed
17 commitments from each perspective
18 developer, assuring us that their
19 project would meet the following
20 five major goals:
21 The selected developers project

should:

Promote long term economic and industrial growth within the area;

Directly or indirectly improve county infrastructure and public safety systems;

Provide an ongoing civic and charitable assistance;

Hire and purchase locally;

And enhance learning and training opportunities for the people of Harrison County.

In public presentations to the Evaluation Team last month each company presented its plan for a casino, including how they would address the five major goals. Binding legal agreements are currently being negotiated with developers to ensure fulfillment of promises

made at that meeting. We have taken a lot of careful, thorough steps between January 8th, 1994 and today. But we did not walk alone. The citizens of this community stood up and made their voices clear. They said: "We want a riverboat in Harrison County and we want it done right." It has been an exhaustive process. Some may say too slow, too cautious, but that's the way we do things here. We have a solid history of responsible people, making informed decisions that affect the lives of everyone in the community. As the old saying goes: Anything worth having is worth working for. The people of this County have decided that a riverboat casino would benefit them and their neighbors and

they have worked long, hard and responsibly to bring us before you today. Thank you.

JUDY HESS: Thank you, Greg. There are nearly one million people in the metro Louisville area. Of the seven counties that make up that metro area, only Harrison County has approved a referendum to allow riverboat gamimng. Only Harrison County. This is also one of the fastest growing of the seven counties. Addressing the implications of this explosive growth is Terry Miller. Terry.

TERRY MILLER: Thank you, Judy. Judy is right. Harrison County is growing. It's becoming one of the places to live. We're becoming recognized as a county where country charm and industrial

development are not mutually exclusive as the video demonstrated. There are those three other important reasons why anyone lives where they do: location, location, location. Outstanding highway access throughout Harrison County makes the Louisville City Center just minutes away. Commuters from all over our County find that with ready access to I-64 they may still arrive to work quicker than their friends who live in popular developments in southern and eastern Jefferson County, Kentucky. Our scenic and historic attractions make people want to visit. Our residents and their commitment to solid small-town values make many of them want to stay. Education is important to us and it is another

reason people want to move here. We devote a large share of our resources to meeting the educational needs of our children. The oldest high school building in the County is only ten years old but is being strained by rising student enrollment, the school has already been forced to complete additions to the original structure. In the past couple of years the Planning Commission approved more than eight hundred (800) new home sites permits. More than eight hundred. Left uncontrolled that number will be even higher. This presents a problem because infrastructure serving existing homes and businesses is strained as it is. Without the ability to catch up and build infrastructure and to undeveloped areas our

will be out of control. Developers willing to build their own systems currently control much of the direction of residential and commercial expansion here. People locating here from more populated areas expect the same services they enjoyed before. If they spend a lot of money building a nice home they expect the roads leading to it would be paved. But at this time we simply do not have the resources to pave the roads that should be paved. We have 805 miles of roads in Harrison County. Less than half of which are paved. Like many fundamentally rural counties that have become popular residential communities, our water service is inadequate. Either the lines serving an area are too small

or they don't exist at all. Adequate fire hydrants don't exist throughout most of the developing areas either, only small flush hydrants. We can't provide the volume needed for fire fighting. Revenue from the casino in Harrison County could be well spent bringing improved services to all areas of the county, enhance our ability to attract new businesses and give us more control over nature and direction of growth within the county. Thank you.

JUDY HESS: Thank you, Terry. Harrison County does indeed face many new challenges as the turn of the century nears and we have given a great deal of consideration to how we will meet them. Here to

tell us how gaming revenues can help is Steve Haggard. Steve.

STEVE HAGGARD: Thank you, Judy.

The Evaluation Team devoted countless hours at meetings throughout the County listening to suggestions as to how gaming revenues should be invested here and shared with adjoining communities. Having heard these specific recommendations for programs and projects from our citizens, the Team assembled a comprehensive revenue spending and revenue sharing plan. The plan was presented to the County Council which approved it on April 13th of this year. As Terry mentioned, our growing County does have specific infrastructure needs as suggested in the plan. Thirty-five percent

1 of our gaming revenues could be
2 invested in roads, bridges, water
3 service improvements, sanitary
4 sewer projects, industrial park
5 developments, and the extension
6 of rail lines to serve new indus-
7 trial users and a County airport.
8 Fire development county wide could
9 get upgraded equipment and oppor-
10 tunities for advanced training.
11 New fire station housing ambulances
12 could open in southern Harrison
13 County. The County police could
14 add patrol cars and officers. The
15 video introduced you to the
16 County Parks. The gaming revenues
17 we could plan to make sure the
18 park system is sufficiently funded
19 and would never again have to lock
20 their gates because of financial
21 shortfalls that happened recently.

1 Every Harrison County resident
2 and property owner could also bene-
3 fit from the administrative funds
4 that could be established to up-
5 grade the way county government
6 maintains its records. In this
7 plan seventeen percent of the
8 county tax revenues could be spent
9 on education. At risk, special
10 education and latch-key programs
11 could be established. A county
12 wide library system could be esta-
13 blished, college scholarship funds
14 could be created, and innovative
15 block grants awarded. Special agri-
16 cultural vocational education pro-
17 grams could be provided opportu-
18 nities for students of any age to
19 learn a new skill or trade. Human
20 service needs in our county are
21 projected to receive ten percent
of the tax revenues. The plan re-

1 commends funding for various youth
2 programs. Adult and senior
3 citizen care, alcohol and drug
4 programs, affordable housing, trans-
5 portation service for seniors and
6 the disabled, programs for indivi-
7 duals with special needs, child
8 care, mental health programs and
9 programs for rehabilitating juve-
10 niles and other criminal offenders,
11 and programs to encourage Harrison
12 County property owners to preserve
13 their land for agricultural use.
14 That's particularly important if
15 we are to retain the kind of com-
16 munity atmosphere and quality life
17 which has attracted growth in the
18 first place. Five percent is ear-
19 marked for economic development.
20 The Chamber of Commerce presented
21 a plan to the County that would

1 help us become competitive in re-
2 cruiting new industry. In January
3 the County Council denied funding
4 for the plans because we just
5 didn't have the money. This plan
6 included specific infrastructure
7 improvements needed to bring new
8 industry into the County, obtaining
9 purchase options on our prime in-
10 dustrial sites, a job training
11 program to assist and manufacturing
12 and marketing and small business
13 programs. We will also improve
14 business opportunities through
15 tourist development. Development
16 of new museums and ongoing preser-
17 vations of our historic sites.
18 Fifteen percent of the revenue
19 could be set aside for an overall
20 contingency fund just in case the
21 developer would drastically lose

1 market share or even leave the
2 County. As the video displayed,
3 this is not a wealthy County, nor
4 are we poor. We have needs we
5 believe will help by gaining re-
6 venues but we also realize people
7 in our neighboring counties and
8 communities do too. The remaining
9 eighteen percent of the projected
10 revenues could be shared by then
11 incorporated towns in Harrison
12 County and counties in the area.
13 Because it is uncertain whether
14 Crawford County will have a river-
15 boat, or which Harrison County
16 location you might select, we have
17 assembled multiple plans for re-
18 venue sharing. If you decline to
19 award a license to Crawford County
20 and you choose a developer basing
21 its riverboat casino in Mauckport,

1 three percent will go to the incor-
2 porated towns in Harrison County,
3 eight percent will go to Crawford
4 County, three percent to Floyd
5 County, and one percent to New
6 Albany and Georgetown in Floyd
7 County and two percent will go to
8 Washington County. If you decline
9 to award a license to Crawford
10 County, and you choose a developer
11 basing its riverboat casino in
12 Bridgeport area, three percent will
13 go to incorporated towns in Harrison
14 County, eight percent will go to
15 Crawford County and one percent
16 to Floyd County, three percent to
17 New Albany, one percent to George-
18 town and two percent to Washington
19 County. If you also award a license
20 to Crawford County, the eight per-
21 cent earmarked for the County will

1 be allocated to other counties,
2 four percent of which would go to
3 the five most economically depressed
4 counties south of Indianapolis
5 without a riverboat casino. An
6 additional three percent would go
7 to New Albany and Floyd County and
8 one percent would go to Meade County,
9 Kentucky. Please keep in mind
10 these are the recommendations of
11 the people of Harrison County as
12 presented to the Evaluation Team.
13 We are not experts in programs for
14 at risk children or fire station
15 equipment standards, but those who
16 are have made their needs known to
17 us. They have also told us that
18 troubles and shortfalls don't end
19 at the county line. Problems that
20 affect us also affect a lot of
21 other people throughout the region

and we believe it is a wise investment to assist our neighboring counties. Thank you. Judy.

JUDY HESS: Thank you, Steve. Harrison County has been called The Cradle of Indiana. This was the first county formed by the Indiana Territorial Government, the First State Capitol was here. Our State Constitution was written here. We're proud of our role of Indiana's history. Those that met at that little stone building on the square or under the Constitutional Elm early last century were visionaries, solid people committed to the common good. In the years since the leaders of this community have tried to honor the spirit of those early citizen legislators, they are responsive to the people

1 of Harrison County, and are con-
2 scientous stewards of our resources.
3 William Henry Harrison, the first
4 Territorial Governor of Indiana
5 and ninth President of the United
6 States, for who this County is
7 named, would surely approve. We
8 have before us the opportunity to
9 become a major southern Indiana
10 economic center, while retaining
11 the rural character that makes
12 people want to live here. So on
13 behalf of my fellow citizens I
14 respectfully ask that you grant a
15 license for riverboat gaming to
16 Harrison County. We think we are
17 well prepared. Thank you for
18 your kind attention. After the
19 introduction of our team, we'll
20 entertain any questions you may
21 have. If I may introduce them please.

1 If you would stand as I introduce
2 you. Kenny Saulman, County
3 Commissioner. Eddie Pitman,
4 Evaluation Team Member. Ed Emily,
5 County Commissioner. Earl Saulman,
6 County Councilman. In the back
7 row, Darrell Voelker, Executive
8 Director of the Harrison County
9 Chamber. Art Stewart, Evaluation
10 Team Member. Karen Shireman,
11 County Auditor. David Layson,
12 County Commissioner Attorney.
13 Greg Reas, Emergency Management
14 Director. Gordon Ingle, County
15 Council Attorney. Neil Lucas from
16 Stark, Donoger and Smith. John
17 Van Bus-Kirk from Stark Donager
18 and Smith, our legal counsel.
19 And Mike Hunter from Wolpert
20 Engineers, our engineering firm.
21 And of course, one more time, Greg

Albers from the County Council. Terry Miller from the County Commissioners and Steve Haggard from the County Council. Thank you.

CHAIRMAN - GAMING COMMISSION

Before we get started, I would be remiss at not thanking those people who helped conduct our site tour yesterday, particularly Mrs. Hess and the people from Crawford County also. It was most informative, it was sort of tiring - we went and went and went - and we weren't provided with the best weather in the world but it was very good, it was something that we find we get a lot of useful knowledge out of taking the tours to the site. We want to thank both Harrison County and

1 Crawford County for the hospitality
2 shown us yesterday.
3 MRS. HESS: We're always
4 delighted to show off our county.
5 MR. KLINEMAN: Thank you.
6 We are now at the place where the
7 question is the questions for the
8 Harrison County Group. Do you
9 want to start off?
10 ROBERT W. SUNDWICK:
11 That was a nice presentation.
12 Thank you very much. One thing
13 that occurred to me as you were
14 making the presentation was that
15 you mentioned that your infrastruc-
16 ture is such that you have maybe
17 half of the roads in the county
18 are paved yet only five percent
19 of the revenue would go toward
20 infrastructure needs. Did I under-
21 stand that correctly or?

JUDY HESS: No, it's thirty-five percent.

MR. SUNDWICK: Oh, okay, I'm sorry, I did misunderstand that.

EDDIE PITMAN: My name is Eddie Pitman. We have thirty-five percent listed for infrastructure in our revenue sharing plan, however, I'm sure I know where you got the five percent. Also listed under economic development we had a small section for infrastructure and the economic development was five percent, so I'm sure that's where you got the five percent.

MR. SUNDWICK: So it was just additional funds for that?

MR. PITMAN: Yes, it was, in case we had a situation where we wanted to do some economic development and we need some specific

funds for infrastructure there.

MR. SUNDWICK: Thank you.

DONALD R. VOWELS: There were a certain percentage that was going to be shared with the incorporated towns in Harrison County. How many incorporated towns are there?

JUDY HESS: Ten (10).

MR. VOWELS: And also in reference to Meade County, Kentucky, I understand that it is just across the river, and one percent to Meade County? Which seems awfully nice, but why is it gonna leave the state with the benefits?

MRS. HESS: And I'll let others talk to this but there was a -- when we're talking about areas other than our own county that would be impacted, we certainly felt that Meade County would. We knew that was an unusual thing to pre-

1 sent to you and I should say that
2 it is also pending the determina-
3 tion of the legality of such a
4 venture. Darrell.
5 DARRELL VOELKER: I would
6 like to just add to that the
7 entire process has been .....
8 by the public. The revenue
9 committee that met and made those
10 allocations of funds met for two
11 very long evenings. There were
12 twenty-two people on the committee
13 and the ideas that they proposed
14 were pretty much taken into consi-
15 deration as they were. So that's
16 where the idea come up and so
17 again for the impact on the areas
18 that that traffic was -- traffic
19 was one of the biggest considera-
20 tions when the evaluation team and
21 task force studied what impact

1 riverboat gambling may have and
2 they believed that traffic access
3 to Meade County, Kentucky would
4 be important.
5 EDDIE PITMAN: Judy, can I
6 speak to that also?
7 JUDY HESS: Certainly.
8 EDDIE PITMAN: We spent a
9 lot of time -- I chaired the
10 revenue finance committee -- and
11 we spent an awful lot of time
12 talking about revenue sharing and
13 I know this is, uh, I'm gonna go
14 over some of the same things again
15 that these folks have already
16 spoken to, but especially if a boat
17 would be at Mauckport, if you look
18 at Meade County, you look at
19 Elizabethtown, you look at Fort
20 Know, you look at where many of
21 the people might be coming from,

1 and we just felt like if we're
2 gonna share, probably Meade County
3 would get an awful lot of traffic,
4 and their road system is similar
5 to Harrison County road system.
6 We felt there might really be a
7 need there.
8 JUDY HESS: We might establish
9 a precedent; maybe the state could
10 require Churchill Downs to share
11 some money with us from Derby Day.
12 OTHER COMMENT -- fascicious..
13 KENNY SAULMAN: Yes, my
14 name is Kenny Saulman, County
15 Commissioner, and revenue sharing
16 with Kentucky, I think is a good
17 thing in my mind, and just recently
18 they just had a bad storm there,
19 a tornado, and people there from
20 that tornado that were injured
21 were brought from there to this

1 county to be taken care of in our
2 hospital. And we, the State saw
3 fit some years ago to take the
4 toll off the bridge so that people
5 from Kentucky would come through
6 our County, and we have several
7 people that do commute here to
8 work. We just thought it was a
9 good thing to do.
10 JUDY HESS: Questions?
11 ANN M. BOCHNOWSKI: Yes, I
12 have a question.....
13 **UNKNOWN:** I think he had a
14 response to that...
15 ANN BOCHNOWSKI: Oh, I'm
16 sorry. Go ahead.
17 MR. PITMAN: I, I just wanted
18 to say that we are one community
19 here. The river maybe is not as
20 wide here as it is in other places
21 between Kentucky and Indiana, a

lot of our families live on both sides of the river and so on, and it was a community sort of spirit that we did that I think.

JUDY HESS: Yes.

ANN BOCHNOWSKI: Yeah, also talking about how you're planning to spend your gaming revenue, now this gaming revenue you're talking about the legally required spending?

MRS. HESS: Yes.

MRS. BOCHNOWSKI: You also talked about safety, and I'm a little concerned with the additional traffic, the possibility of something happening on the boat. Let's, I mean worst case scenario. I'd like to make sure that your fire department is up to this, that the police department is up to this,

emergency services catches, uh, what if you need people, emergency response for medical needs let's say. Are all -- have you been taking these things into consideration and are the companies that you're dealing with willing to possibly put some additional funds into this area so that they're served?

JUDY HESS: Yes, we have definitely been taking this under consideration from the beginning, and one of our five points was the public safety issue and each developer has addressed which I'm sure they will tell you in their presentation, but I'd like to ask Greg Reas if he wanted to make any comment from the emergency management.

GREG REAS: Yes, just real briefly. All of those things obviously have been a consideration. I believe the fire departments will be affected and also the surrounding fire departments as well. We look into issues such as EMS training, first response type training, water rescue, all sorts of things obviously come into play. But honestly until a license is actually issued we're not gonna spend a lot of time spinning our wheels, addressing those facts. I mean, you know, go on and on and on and on. But the riverboat developers have expressed the interest and the desire to work with us and are, you know, with all of these problems.

ANN BOCHNOWSKI: And when you

say, "They've expressed the desire to work with you," does that mean possibly extra funds? Because they're gonna be creating a burden on your emergency response departments.

MR. REAS: Yes ma'am, that's true.

ALAN I. KLINEMAN: Well, and the reason you haven't settled on any requests of the developers is because you don't know whether it's gonna be at Bridgeport or Mauckport; is that right?

MR. REAS: Yes sir.

GREG ALBERS: That was also why we had them, each one of them specifically address their site and in conversations back and forth what we felt would be needed down there and what they felt

1 would be needed.

2 MR. KLINEMAN: I guess, I

3 think that there is some generic

4 things that would be needed period,

5 and I think that if you have a

6 wish list of those things you better

7 think about putting it into the

8 program and so because now is the

9 time to get what you -- that which

10 will protect the public.

11 ANN BOCHNOWSKI: In other

12 locations we've seen money above

13 and beyond what the law required

14 going into these things and that's

15 why...

16 MR. KLINEMAN: Yeah, that's

17 what we're really talking about.

18 Not a percentage off of the revenues

19 but rather what is going to be pur-

20 chased and in place the day that

21 the boat would open. I think that's

what's important.

JUDY HESS: I'm sorry.. Terry. And then I think John, if you could address that.

TERRY MILLER: As far as the water protection. The water companies in those areas are not up to that situation now to handle that and we are in negotiations with them to update the water company in order to provide them with the necessary fire protection, the sprinkler systems and on site..

JUDY HESS: John Van Buskirk has been working with our development agreement and with the developing..

ANN BOCHNOWSKI: Could I ask a quick question on the water?

JUDY HESS: Yes.

ANN BOCHNOWSKI: Is that a

public company? Or is it a government type company or is it a privately owned company?

TERRY MILLER: We have two water companies serving; one in the Mauckport area, the South Harrison Water Company and it is a conservative type water company I think. Public. And the other one is Elizabeth Water Company; it's a municipal owned water company that serves the rural area surrounding.

MR. KLINEMAN: So they're both local? Basically publicly owned?

TERRY MILLER: Yes sir.

JOHN VAN BUSKIRK: The county has funds to place some of these improvements and put the structure needs into place such as the water

companies, the additional fire protection, the police protection and items such as this.

DR. DAVID ROSS: Do you presently have any kind of medical, emergency medical response system in the area?

DARRELL VOELKER: Yes. I'm Darrell Voelker with the Chamber of Commerce. Yes. The Harrison County Hospital has a relatively new emergency wing. I believe there are are three (3) ambulances that are dispatched from the Hospital and then there is a ambulance that serves the northern part of the County that is run by volunteer fire department.

ANN BOCHNOWSKI: Yes. The problem we're just kind of discussing here is that we've got a fair

1 amount of distancing from Corydon
2 and the actual location of the
3 riverboat, and have you thought
4 about the possibility of what if
5 a number of people had to be eva-
6 cuated and had to have to be
7 treated medically?
8 JUDY HESS: Yes, we have
9 addressed it. Now, as Greg pointed
10 out, we have not developed a specific
11 plan. I concurred with Greg that
12 to work out a specific plan for
13 all four of those sites would be
14 a real burden to him at this point.
15 And, yes, go ahead.
16 JOHN VAN BUSKIRK: As part
17 of the overall process for emergency
18 planning for the County, there ob-
19 viously has to be something that,
20 you know, we'd take a look at it.
21 We've been in the process for about

1 six months or so developing a
2 ..... plan. Fortunately, you know,
3 we have a lot of resources we can
4 call on from the Louisville metro
5 area, if need be. The other
6 thought is to also with a
7 helicopter. We've got four
8 from the other ..... Interestingly
9 enough, we are relatively resource
10 rich in those respects. There's
11 a number of hospitals in the
12 Louisville area, there's two heli-
13 copters that fly out of Louisville
14 itself, so we've got a lot going
15 for us in that respect.
16 JUDY HESS: And your county
17 plan addresses mass disasters or
18 emergencies, correct.
19 DONALD R. VOWELS: We had a
20 lot of comments yesterday about
21 the traffic situation, especially

1 the Bridgeport area, people that...
2 the community to Louisville now
3 through that area, I think they
4 were saying. What's the general
5 feeling in the county as to the
6 congestion that may occur in that
7 area? We've heard a few voices
8 but I don't know that we heard
9 really the true voice of the county
10 on that congestion situation.
11 JUDY HESS: Terry, did you
12 want to start with the business?
13 TERRY MILLER: I talked to
14 the developers and when the hours
15 are heaviest and the rush hour
16 period is the times early in the
17 morning when there would not be
18 the traffic coming to the river-
19 boat, say from 6:00 o'clock in
20 the morning until probably 9:00 or
21 9:30. All of them have proposed

significant improvement on that road and I think the general consensus in the county is there will be more traffic on it and I'm thinking that they will address it in a manner that will make it work.

JUDY HESS: Do the representatives -- I'm sorry -- of the engineering firm have any comment on that at all?

MIKE HUNTER: I'm Mike Hunter with Wolpert Consultants. We have reviewed the traffic impact studies submitted by each of the developers. While we did not go to the level of effort to perform a complete traffic impact study ourselves we did review all of their information, we did visit the sites and did what we thought was due diligence to try to verify the

1 facts that are contained in these
2 various traffic impact studies.
3 There are a number of improvements
4 that will be addressed, particularly
5 along the state highway to facili-
6 tate this traffic flow in and out,
7 also through New Albany Street to
8 64. If the Mauckport site is
9 chosen there are also improvements
10 to 135 all the way up through the
11 Corydon area to the Interstate.
12 So to respond to your question,
13 yes, the peak traffic issues have
14 been addressed. We feel that the
15 developers have been very respon-
16 sive in this regard and there are
17 improvements regardless of which
18 site is proposed.
19 ALAN KLINEMAN: Well, this
20 of course, is another thing that
21 you would want to have the developers

committed on, rather than expect to do these improvements out of the share of the revenue. So it would be important that pen and paper meet before the boat sails.

TERRY MILLER: When we went into this process that's one thing we told them that we didn't expect it to cost our county anything. And we've pretty well held them to that.

GREG ALBERS: I think that also applies on the New Albany and Floyd County end, I think each developer up there has contacted the major and the administration in New Albany, and that is probably the biggest bottleneck on that end when you're going through the city itself. I think they will enlighten you on the agreements they have

with New Albany when it gets to be their turn.

THOMAS MILCAREK: There was no endorsed applicant in this area which different than what we've seen in other places. Why is it that that has occurred?

JUDY HESS: We had a number of reasons, and I'll give you and I'm sure others will want to talk. One of the major reasons is because you're the ones authorized to make a decision and we're not; secondly, you're privy to much more information that you need to make a decision like that that we don't see. Some of the financial information and statistical information you have, we don't have access to; we don't have access to the state police reports, the IRS investiga-

tions. Those types things which we feel would be necessary to make a good decision and not be making a decision in a vacuum. We felt by not endorsing we didn't muddy the waters for you, and that we had the county up front, we were wanting to get the best deal for the county with each applicant. So those were some of the reasons that I might mention but I'm sure there would be others that would be anxious too. Greg.

ANN BOCHNOWSKI: And I want to say thank you.

GREG ALBERS: I probably was one of the driving forces on not making an endorsement and I want to tell you that I was being a little pragmatic in doing that. There are groups in this county

that would favor each one of those things. So we pick one of them and make three groups mad. We go take it to you all and you pick one of the three we didn't pick, everybody in the county is mad at us, so this being an election year we sidestepped that.

JUDY HESS: We didn't realize what a coincidence in timing it would be, and as today is primary day, five of our six elected officials that are on the task force are all on the ballot today.

TERRY MILLER: We also felt that looking at the applicants, that the four that we have are first class. I don't think there is really a weak one in the bunch and we'd be happy to have any one of them.

ANN BOCHNOWSKI: Did the Task Force come to any conclusion about which sites? I'm sure you don't want to touch that during an election.

MR. ALBERS: Wait till 6:00 o'clock.

JUDY HESS: We may want to wait until 8:00 or 8:30.

ANN BOCHNOWSKI: Okay. I won't even make you answer that. Yeah. There was comment yesterday though regarding the Bridgeport area and the fact that your neighboring county voted the riverboat referendum down, and yet if we put a boat at Bridgeport we'd be basically putting a boat right next to their county. Have you had conversations, I'm sure, with the New Albany people and the people in

1 that county to come and see how
2 they're feeling about the casinos?
3 JUDY HESS: Uh, and I could
4 be checked on my facts here, I
5 know that in the first referendum
6 in Floyd County the City voted for
7 the boat, and I think it was so in
8 the second referendum. So the City
9 itself was pro riverboat casino
10 and the City in our Task Force
11 conversations with the Mayor and
12 in talking with the developers and
13 their conversations with the Mayor,
14 very receptive in being a partner
15 here. Others.. I can't believe
16 I get the last word with this.
17 THOMAS MILCAREK: In your
18 talks with the four companies, and
19 we talked about the laundry list
20 that we're used to seeing about
21 certain things such as infrastruc-

ture improvements etcetera, was there any written agreement with the four companies about what they would do for the County?

JUDY HESS: Yes.

THOMAS MILCAREK: Anything in writing?

JUDY HESS: Yes. John.

JOHN VAN BURKIRK: Yeah, we are in the process now of negotiating developing agreements with each of the developers. There's quite a few items that we're covering,and infrastructure is an important item. One important item that has to be negotiated and discussed is the water utility. As you saw on the video that is a problem in the County and there has to be.... the developers provide infrastructure and plan for the local municipal water so the water will

1 become available throughout the
2 County. We have addressed the
3 road situation. We've addressed
4 the hiring locally, we've addressed
5 prevailing wage issue, we've ad-
6 dressed using local people for
7 supplies, for jobs, for assistance
8 in having people in southern Indiana
9 be advised of how they can become
10 competitive for supplies. We think
11 the development agreements are
12 very important to the County.
13 And we are optimistic that within
14 the next week or two we will have
15 signed agreements with all of the
16 applicants.
17 ROBERT SUNDWICK: Was the
18 emergency plan a part of that nego-
19 tiation?
20 JOHN VAN BUSKIRK: Yes.
21 There were meetings with the engi-

1 neers and discussion regarding
2 fire protection and emergency res-
3 ponse.
4 MR. SUNDWICK: So that's a,
5 this is a side agreement that says
6 we're gonna do this, 'cause I didn't,
7 you know, I listened to all of the
8 emergency issues about Louisville
9 and what they would do and what we
10 think could happen. I'm not con-
11 vinced that anybody would do any-
12 thing after the fact. You're --
13 you're really saying that you do
14 have the agreement with these people
15 individually, this is what we need
16 to, to support you in an emergency
17 environment?
18 MR. BUSKIRK: Yes. There is
19 a provision in the agreement that
20 the developers will need to provide
21 certain levels of security and emer-

gency response and that they need to work with and consult and cooperate with the County and provide an appropriate emergency response plan for the project.

THOMAS MILCAREK: Was there any specific discussions, say for instance to provide an additional fire truck or police cars, or ambulances?

JOHN BUSKIRK: In some circumstances there were those discussions and perhaps Terry or Mike can answer those questions.

TERRY MILLER: Some of the developers are proposing updates to the local fire departments and are willing to work with them in any way necessary.

THOMAS MILCAREK: As far as the discussions that you've had,

1 you know, some of these boats pro-
2 pose to have three or four
3 thousand people on board. And say
4 if there was a fire and you had
5 two hundred, three hundred people
6 who needed to get medical attention,
7 serious medical attention right
8 away, do you feel that what's being
9 addressed with these companies will
10 be adequately covered in a situa-
11 tion of worst case scenario like
12 that?
13 TERRY MILLER: Uh...
14 THOMAS MILCAREK: Because I
15 think the coast guard will certainly
16 be interested in that.
17 JOHN BUSKIRK: Yes. The
18 coast guard has and we've had, uh,
19 we're working with -- we've got ...
20 both working attorneys and what I've
21 seen the gaming companies themselves,

1 those issues are being addressed.
2 I've also went to the pains of
3 seeing what they were doing as far
4 as Evansville and I talked to the
5 riverboat people down there to see
6 what, you know, we'd be looking at
7 in the event the boat be, uh, that
8 a certificate would be issued here
9 in Harrison County as well.
10 QUESTION: Inaudible.
11 JOHN BUSKIRK: Yes. Actually,
12 the way I see it there's gonna be
13 two actual plans; there's gonna be
14 an onboard plan for the boat it-
15 self that's gonna address those
16 particular issues. For example,
17 if they did have a fire on board,
18 the coast guards concerns are not
19 very great because the boats are
20 made so they are practically fire-
21 proof. They are also designed so

1 that they're not really in danger
2 of sinking. So what they're gonna
3 be looking is doing things like
4 finding shallow part of the river,
5 maybe grounding some place along
6 the river bank on either side and
7 that they have a point to set up
8 a triage area and also, you know,
9 get the people that are seriously
10 injured out as quickly as
11 possible.
12 THOMAS MILCAREK: How close
13 is the closest hospital to Bridge-
14 port and Mauckport?
15 MR. BUSKIRK: Well, the
16 closest place -- obviously, the
17 closest place from Bridgeport as
18 far as hospitals that would be in
19 the Louisville area. Now, we've
20 got an awful lot of, uh, I can't
21 tell you exactly how many ambulances

1 that are available through Louisville
2 metro area, provide ambulance ser-
3 vices, provide an ambulance ser-
4 vices in New Albany, plus what we
5 have here in Fort Knox and Meade
6 County. But it's a pretty substan-
7 tial number. We have done some
8 drills about a year and a half ago
9 with VA Hospital, addressing exactly
10 that type of thing; what are we
11 gonna do if we have an extreme mass
12 gas leak incident, how fast can
13 we get people from point A to point
14 B.
15 THOMAS MILCAREK: Are there
16 city police departments in Mauckport
17 and Bridgeport? Or do the Sheriff's
18 department cover all that?
19 The Sheriff for the County.
20 Okay. And the Sheriff, this
21 is the county seat, right, Corydon,

so they're here. How many sheriff cars are there in the county?

GREG ALBERS: There's two I think on patrol most shifts around the clock.

MR. MILCAREK: Two sheriff deputies out on patrol for the entire county?

GREG ALBERS: Yes, right.

MR. MILCAREK: Okay, is there any thought about expanding that?

GREG ALBERS: Yes. Let me expand on what I had mentioned earlier. Each of the developers has proposed an additional revenue sharing plan for the county once the boat is up in operation it will share money either based on their adjusted revenues, gross revenues or on admissions. The County did request and we believe all of the

1 developers will advance a very sig-
2 nificant amount of that, probably
3 1.75 million directly to the County
4 right after the certificate. And
5 it's the County's intent to have
6 that, and we also have a provision
7 in our agreements, that the developer
8 will reimburse the County for some
9 expenses once the certificate is
10 issued, between that period of time
11 when the certificate and when the
12 boat opens. We anticipate it is
13 probably gonna take at least six
14 months for court approval before
15 they can do anything, so the idea
16 is to have money in the County im-
17 mediately so that once the certi-
18 ficate is issued the County will
19 have the funds directly available
20 to address these concerns to hire
21 more police, to work with the fire

departments and make sure there is equipment for fire, for ambulance, and for police protection.

MR. MILCAREK: And this hasn't been used yet, this agreement you are talking about?

MR. BUSKIRK: We have one that is signed and we were working with the other three developers.

MR. MILCAREK: Who has signed it so far?

MR. BUSKIRK: Horseshoe.

MR. MILCAREK: And, sir, you made a comment, you said, "Some" have, you used the word, "Some," had agreed to the plans.

TERRY MILLER: As John said, we're still in negotiations with three of them so we don't have that finalized yet.

MR. BUSKIRK: We would like

to be in a position of having those agreements done within the next week to ten days and furnish complete copy to the Commission and the Staff.

MR. SUNDWICK: And these are identical agreements, you're just saying here is what we require and not one different than the other?

MR. BUSKIRK: The only differences would be some minor changes on the Mauckport location due to its location. Other than that they are the same.

MR. MILCAREK: You understand that sometimes when we have these lists these companies become really agreeable to certain things and they start talking to it. So it might be helpful for you to see it.

1 MR. BUSKIRK: I think you'll
2 find when you look at each indivi-
3 dual proposal from the developers
4 that a lot of these issues are
5 covered in their proposal on an
6 individual basis as it applies to
7 their development. So if there
8 are any holes in that we can ad-
9 dress that.
10 ALAN KLINEMAN: Well, and one
11 of the things we're used to seeing,
12 and I don't want to get in and
13 negotiate any kind of agreements
14 on behalf of Harrison County, but
15 we're used to seeing monies flow
16 from the developer to cover some
17 of these things without taking credit
18 against some ongoing revenue sharing
19 that is in the future. In other
20 words, most of them you get the
21 money out front and you also get the

revnue sharing both at whatever level you're able to negotiate.

JUDY HESS: Darrell pointed out to me that we probably didn't make one thing clear. There are twelve full time county deputies cars. But more cars -- he didn't want you to think we only had two deputies.

ANN BOCHNOWSKI: Yeah, I was just thinking maybe we could drive as fast as we wanted.

MR. MILCAREK: I just hope there's no bank robberies or any other ..... You said that you had gone to some other sites?

JUDY HESS: Yes.

MR. MILCAREK: Where did you go to? I didn't recognize where.

JUDY HESS: Oh, as a group, as the first evaluation team we went

to Metropolis.

MR. MILCAREK: Okay.

JUDY HESS: I think individually we have all gone to different places. We were pretty sensitive to the fact that we didn't want the county people to think that we were all taking vacations to casino boats because it can be an issue and we didn't want it to cloud anything, so that's why we did those trips on our own.

MR. MILCAREK: Did you get any impression from talking to the leaders in those different communities about whether there was an increase in the crime rate? I mean particularly the two police cars, sheriff's cars on the road, at least the traffic is concerned and there will be alcohol on the

1 boat, but other than that did you
2 get any impression about it, the
3 significant rise in crime rate
4 that would directly relate to the
5 boat in the county?
6 JUDY HESS: We most specifi-
7 cally addressed that question prior
8 to the referendum, from January
9 and May of '94, and we spent a long
10 time on that issue of the crime
11 rate, if there was an increase be-
12 cause it was a concern that was
13 brought to us pretty steadily from
14 county citizens. What we did --
15 Eddie, was it thirteen communities
16 that...?
17 MR. PITMAN: Thirteen.
18 JUDY HESS: Of the seven Task
19 Force members at that point had
20 certain communities that they talked
21 to on every issue and Eddie and Art

1 Stewart and I were on that first
2 task force and so I invite him also
3 to contribute here. The calls
4 that I made, and East St. Louis was
5 one of mine, uh, the response was
6 that there was no significant in-
7 crease in crime. East St. Louis
8 tells me -- what would they know,
9 right. But the chief of police
10 there was quick to point out to me
11 that it was the safest place in
12 East St. Louis because it was so
13 well lighted and because the company
14 took such good care of the property
15 and provided so much security.
16 He said he thought it was the best
17 place to be in East St. Louis.
18 Yes sir.
19 DONALD VOWELS: You know, I
20 probably would think East St. Louis
21 would come down because of the boat.

JUDY HESS: Yeah. He actually did say that and one of the other reasons he gave was because it brought so much more employment that people were less inclined to do illegal things to sustain life because they now had employment.

MR. SUNDWICK: So you're satisfied that there, you know, there's not gonna be this great increase in crime because of this opportunity?

JUDY HESS: I think certainly both task forces were satisfied. I'm not going to tell you there are citizens in the county is satisfied.

MR. SUNDWICK: Well, I'll just tell you I'm, being in Evansville and the boat has been there for six months or so, and I'm a

criminal defense attorney and we haven't gotten any new business off of it.

EDDIE PITMAN: If I could say something also, our County Sheriff at the time that the original task force was formed did call the chiefs of police or county sheriffs in each one of the thirteen areas I believe it was and he reported back to us just basically what Judy had said that the developers had been very easy to work with. In fact in many instances they felt like there was less crime rather than more. Now, I would tell you that because of traffic there were more traffic accidents just simply because there were more people driving on the highway.

JUDY HESS: They generally

compare those as fender benders, that type of thing.

MR. VOWELS: But there is talk of getting additional sheriff's cars?

JUDY HESS: Yes.

MR. VOWELS: Very definitely?

JUDY HESS: Very definitely.

STEVE HAGGARD: Judy, if you had some more specific questions that you'd like to ask, maybe the sheriff's department, the Sheriff is here. He's kind of, you know, around and out but he is sitting here. We'd like to ask him to come down in front.

JUDY HESS: Yes. We had invited him to be down here with us.

STEVE HAGGARD: Yeah, so maybe he ought to maybe come up here and if you have some questions you can

go ahead and ask him.

MR. MILCAREK: I don't have any more myself.

STEVE HAGGARD: Just want to make sure.

JUDY HESS: Other questions?

ALAN KLINEMAN: Mr. Thar, do you have any questions?

MR. VOWELS: He didn't drive here, did he, in the second car?

(LAUGHTER)

JACK THAR: Just have a couple of things; with regard to the negotiated development agreement, I think we indicated to you that we had kind of advised the committee stop at this point in time for a couple of reasons. The timing of the negotiations with regard to the development agreements were pushing right into

this week. Found two things, either was a rush, sometimes things are missed the rush among the companies as to who can sign first so they can say we've got signed development agreement. What we've indicated is that during the course of these hearings as the information comes from the developers, the Commission after we've heard what the County needs are to hold the developers to that condition, then to develop an agreement after the fact. That's just an explanation as to where and why all cannot sign the development agreement at this point. One of the questions that we've had when we've been to other rural townships that have had the infrastructure issues that Harrison County does is your prepara-

tion in such areas as who is the zoning authority for the Bridgeport area and the Mauckport area and what steps have they taken with regard to the potential zoning in the area should they get a river-boat?

JUDY HESS: Terry.

TERRY MILLER: Both of them come under county zoning and there really hasn't been anything done on that yet and I don't foresee any problems.

JACK THAR: One of the things we've noticed, as a bit of warning, is that after a certificate of suitability is issued things move quick, so if you haven't planned you could fall behind, so even though you haven't enacted the zoning you may need, you need to know exactly

where you want to be on it.

TERRY MILLER: We are in the process right now of updating our comprehensive plan, it should be, it's in the draft form so it should be approved at any time and a lot of these issues are addressed in it.

JACK THAR: The other thing we've noticed is that in an election year that sometimes people change from who is in now and who is in November, files disappear, and leaves the new people really empty handed. So you guys have done a great job in keeping bad feelings in the County or division so if that could carry through, it would greatly enhance the County's ability to see a smooth riverboat development. You can for instance look at Evansville how quickly their

boat got on line, as compared to Lawrenceburg to date or Gary to date, how long a certificate has not gotten on line because of a potential lack of cooperation. The zoning area is one and then if we pick who controls the water in both Bridgeport and Mauckport.

TERRY MILLER: Elizabeth Water Company controls the water in the Bridgeport area; South Harrison controls the water in the Mauckport area.

JACK THAR: What have the gaming companies indicated they would do in terms of their water supply and the existing water facilities?

TERRY MILLER: Both companies share the same engineer; Robert Curry. Is Bob here this morning?

He's supposed to be here. Would you come down, Bob. Bob has drawn up plans for both ends and the developers are agreeable to carrying this through.

ROBERT EUGENE CURRY: Certainly the...

MR. KLINEMAN: Would you state your name for the record, sir?

MR. CURRY: My name is Robert Eugene Curry; I'm a licensed professional engineer, and I have represented all of the water companies in Harrison County with the exception of the Town of Corydon for the last sixteen years, and I am familiar with the water supply situation in Harrison County. Certainly, water supply is capable to be provided to the various casinos.

I anticipate no problem in providing water technology, ample water and ample quality of water to be provided.

JACK THAR: How? I mean what's it gonna cost?

MR. CURRY: We prepared preliminary estimates. They have pledged in excess of two million dollars.

JACK THAR: For either site?

MR. CURRY: Inaudible.

JACK THAR: Would that estimate be true for either site; Mauckport or Bridgeport?

MR. CURRY: It's a coincidence but as a matter that number is very close for both locations.

JACK THAR: Would that be then an exist, an expansion of the existing water company in that area, are we talking about a well that

would be solely used by the gaming developer or what?

MR. CURRY: It is my anticipation that the utilities would provide the water and in case of the South Harrison water utility they would make extension of the existing water mains from the existing locations to the Mauckport area and in the case of the Bridgeport site, that will be a situation where new wells would be drilled and new water treatment plan facility would be installed and that water transmission would be provided. In both cases the department would be included in the design.

MR. THAR: How will the costs be born of those improvements?

MR. CURRY: Well, the costs will certainly not be born by the

1 water users of the two utilities
2 so it's my anticipation that the
3 costs would be allocated directly
4 to the areas and of
5 course that case it would be the
6 casinos.
7 JACK THAR: Or any new, would
8 it be if there is additional develop-
9 ment in the area of the casino,
10 would the extension of the water
11 and service of the casino area
12 be sufficient to also supply other
13 development that would come up in
14 the area?
15 MR. CURRY: Yes sir. In
16 analyzing the water supply in each
17 or both of these locations we used
18 the master plan concept where we
19 analyzed the casino to be concurrent
20 with the overall community needs
21 so we have provided for water ser-
vice for the entire area, that's

why the casino is of design.

JACK THAR: Is there a cost differential between a project that say projects a hundred to a hundred and fifty room hotel as opposed to one that projects a five or seven hundred room hotel?

MR. CURRY: A very marginal difference. There would be a very marginal difference.

JACK THAR: Maybe while you were there, you might be the same guy that we need to talk to with regard to sanitary sewers. How will that be handled with regard to Mauckport or Bridgeport?

MR. CURRY: I have -- I'm sorry, sir, but I haven't dealt with sanitary sewers, only with the water supply.

JACK THAR: If we could switch

and get to the same questions with regard to sanitary sewers.

MIKE HUNTER: Each of the developers has proposed to construct a package sewage treatment plant basically adjacent to their existing development sites.

MR. THAR: Would you identify yourself?

MIKE HUNTER: I'm Mike Hunter with Wolpert Consultants. In each of these cases we have gone through some preliminary sizing. There has been discussions with each of the developers as to whether or not the waste water facilities would service only their site or would provide capacity for adjacent sites. It's my understanding at this point in time only one of the developers has proposed

to provide waste water treatment for the adjacent community; that was in the case of the Mauckport site because there is a general community very close to them. There is one of the developers on the Bridgeport site that has offered to construct waste water treatment for the Town of Elizabeth should the Town desire that, but generally the waste water facilities would be designed to service each of the developments.

MR. THAR: What about any new developments which would arise in the immediate area?

MR. HUNTER: Again, at this point in time, beyond what I just explained to you there are no plans for that. They would be more site specific. The problem

they get into is the fact that if they're going to service outside their own development basically they would need to form a separate public waste water utility, and none of the developers I don't think really wants to get into the waste water business. If the local community, the case of Mauckport or Elizabeth or whereever wants to have waste water treatment, I think each of the developers is willing and the discussions have been they would be willing to construct a facility and turn those over to the communities, but they really don't want to get into the waste water utility business.

MR. THAR: I understand that aspect. I just wondered where it leaves the County if a waste water

1 treatment facility is designed
2 solely to handle the riverboat
3 development only, does not provide
4 anything for additional development
5 whether it be residential or com-
6 mercial, particularly since I under-
7 stood from yesterday that certain
8 development and certain interstate
9 access has been slowed down or
10 stopped because of the inability
11 to handle sewage.
12 MR. HUNTER: Jack, I
13 think you would have to blame that
14 on me but that was in the Edwardsville
15 area. That was in Floyd County.
16 No, there is municipal and waste
17 water treatment plans just in
18 three incorporated towns in the
19 County. Corydon, of course, would
20 serve the large industrial commer-
21 cial area; Palmyra, which is in the

north and Lanesville, but there is no waste water treatment utilities at all in the southern part, and the place that I think you're referring to is the Edwardsville exit.

MR. THAR: I thought it was true also for the Lanesville exit and...

MR. HUNTER: That is true and that was mentioned yesterday in public comment. I'm sorry. There is no such -- the sewer at Lanesville is only engineered in such a way to handle the town and it would not be able to handle a commercial or industrial growth which is possible at the interchange.

MR. THAR: I want to move very quickly to two more areas and then I'm finished. There has been

a lot of discussion about public safety in the area of medical emergency. Are there discussions to increase, actually have a presence of ambulances and maybe of law enforcement in the immediate vicinity of these riverboats on a full-time basis as opposed to centered in Corydon?

JUDY HESS: Each developer again I think will present some of their thoughts on that because they have included that in their plans.

MR. THAR: I guess I want to know what the County is doing on this.

JUDY HESS: Sure. Greg.

GREG REAS: Each one poses a slightly different problem. We tried to take a determination of

1 what incidence of increase runs
2 the riverboat would cause to the
3 County. Elizabeth, in our opinion,
4 should have an ambulance and if
5 you want to speak to the Sheriff,
6 but at least an ambulance based
7 in that area. The Mauckport area
8 probably won't need one because it
9 is accessible by 135 and in a
10 very short period of time.
11 MR. THAR: Well, if we just
12 take some of the experiences we
13 had in Evansville: A gentleman
14 showed up the second day of the
15 gaming, was so excited waiting in
16 line and he had a heart attack.
17 Now, everybody knows if you have
18 a disaster of fifty or more people
19 you're gonna get the attention of
20 everybody in the neighborhood. But
21 the one guy who collapses in the

pavillion, he's waiting for fifteen to twenty minutes, solemn type service. So are people thinking about moving that service so it's more responsive and quicker for the .....?

GREG REAS: Yes, it's being considered.

MR. THAR: That's what the question is. And have any plans been moved into that area for that?

GREG REAS: There hasn't been that I'm aware of.

MR. THAR: That would put it within what then, six to eight minutes response time to any of the Bridgeport sites from Elizabeth?

GREG REAS: Or less, yes sir.

MR. THAR: How about Mauckport?

GREG REAS: That would take eight minutes.

MR. THAR: Is that coming from Corydon?

GREG REAS: Yes.

MR. THAR: So that's what, you've got to cover fifteen miles as fast as you can?

GREG REAS: Actually, it's less than eleven.

MR. THAR: Okay, eleven miles as fast as you can.

GREG REAS: Well, no, we're hoping that, you know, seven to ten runs. You know, within the speed limit within the law. You know, certainly they can step the run up but we're trying to base our responses on, you know, maintaining the speed limit. You've got lights and red siren doesn't give you the license to run faster than the speed limit.

1 MR. THAR: Well, I understand
2 that but if I've got about ten or
3 eleven minutes to get down there,
4 that means I've got ten or eleven
5 minutes to get back.
6 MR. REAS: That's correct.
7 Also, one other thing that you may
8 be interested in, the EMT's in this
9 area have just recently completed
10 a paramed training. They have to
11 complete their hours now to get
12 license or certified as parameds,
13 so we look for our service, fortu-
14 nately, is substantially increased
15 so they're gonna be able to do a
16 lot more once they get to the site
17 other than just, you know, monitor
18 and try to run them back to the
19 hospital.
20 MR. THAR: One final area,
21 you itemized and listed your pro-

grams by with regard to how the gaming revenues would be spent, for instance, thirty-five percent on infrastructure; things like this, and you listed a lot of programs. Have you got any cost figures as to what these programs will be or have you prioritized any of those programs.

JUDY HESS: We did not prioritize them and we did not associate costs. They were examples of, you know, these are the types of things

MR. THAR: The equivalent population here of your county, so we give a location on Saturday or Sunday, and we've got to do that if they're going to be successful here in their developments,

is this County prepared for that in terms of changing its lifestyle and the types of infrastructure consideration and safety considerations and other things that need to be in place; are you wanting to do this and are you prepared to do this? That's a two-part question.

JUDY HESS: Certainly, we want to do this and we have addressed being prepared to do this. Terry.

TERRY MILLER: We've been wrestling with this issue for two years now, and we've tried to cover every base. We've tried to make sure that the citizens are protected and I think the majority of the County is in favor of it.

EDDIE PITMAN: If I could respond also. As Terry said, we've actually spent two years and four

1 months; I know exactly how long
2 we've spent. And we've met all
3 over our County. We have asked
4 for citizen input at every single
5 one of our meetings, we've developed
6 a wish list. Folks, if you gave
7 us five more years there could
8 probably be something come up that
9 we wouldn't have thought of, but
10 we've really tried hard and our
11 communities I think have tried hard
12 to give us input. We want to cover
13 every base that we can. But, any-
14 way, we've really tried hard to
15 answer some of the questions which
16 you've asked.
17 MR. THAR: I understand that
18 and I guess one thought I'd leave
19 you with is this: The day this
20 Commission opened with the, should
21 they give us the certificate of

suitability to a company here, the wish list days are over. The action, the decisions have to be made. Otherwise, you'll be behind in twenty-four hours. So, are you prepared to do that? Do you have a -- are you ready?

GREG ALBERS: One of the reasons that we put so much money into the infrastructure area and didn't earmark it was because we have seen other communities think they had all the bases covered and then when the boat floats find out that they left something out. The sewer issue is kind of like the road issue in this County, the way the County is growing we really don't know where to put the dollars until it happens. The commissioners go out and blacktop a stretch of

road, thinking: Boy, this is where the development is gonna happen, and then in six months it's happening somewhere else. The sewer is kind of the same way as far as knowing where to put it for the housing development that will happen. One other thing I wanted to cover, I don't think you got an answer on was the County records and records of this proceeding for the last two years or so. Darrell Voelker with the Chamber of Commerce has all of those records, so they're out of political hands and they're about to shove him out the door too, by the way.

JUDY HESS: Many of us have tried to shove him out the door.

(LAUGHTER)

One thing I did want to point

1 out is that we did try specifically
2 to address everything we could in
3 that twenty-eight months as Eddie,
4 the chronologist, has pointed out
5 for us and that is what in those
6 five major points that's why we
7 made those allowances because we
8 may not have thought it all through
9 and the difference in this instance
10 is I think everywhere else you've
11 been you pretty well knew where
12 the location was going to be. You
13 know, it was going to be in X, Y,
14 Z City, whereas, in our instance,
15 as you know, we have four sites and
16 a lot of the specifics can't be
17 developed until we know which site
18 you would select.
19 Any other questions?
20 THOMAS MILCAREK: I want to
21 hear from the County .....

one forty-nine, is that right? Do you have any idea what the figures were in Bridgeport, in Mauckport, do you know?

JUDY HESS: I'm really not seeing any, anybody with the light bulb going on. I'm sorry.

ALAN KLINEMAN: The Sheriff has come up I think since we, uh, we have him here why don't we ask him a couple of questions. Sheriff, welcome.. Do you have a wish list? And if so, have you made it available to the developers?

CLYDE SAILOR: I'm Clyde Sailor. I have talked with a couple of the riverboat companies, and asked them specifically what they would need, and I told them the number of men it would take to do this. If they want twenty-four

one man on site twenty-four hours a day it would take roughly six or seven officers to accomplish this. If we have a serious traffic problem with say a license were let for Mauckport, we put one person on the road twenty-four hours a day, so it takes about four or five people. So that would be additional if we come up with a serious traffic problem. On that road as it stands now, you add another fourteen -- fifteen hundred cars an hour and the change when the boat lands, there will be some traffic problems.

MR. KLINEMAN: Has anyone talked to you about additional equipment for your agency?

CLYDE SAILOR: A couple of the developers have; other than that why not really.

MR. KLINEMAN: We were up in East Chicago and they got a brand new police car as compliments of the developer.

CLYDE SAILOR: Well, we really actually have eight (8) county officers, rather than twelve (12). Eight (8) county officers, a detective, the chief and myself, with the department really eleven people is what we have on the department.

MR. MILCAREK: How many additional vehicles do you anticipate that you would need?

CLYDE SAILOR: Each officer has a take-home vehicle, so for how ever many officers we need, we need that many vehicles, plus I would like to have the officers equipped with the same line of

equipment that we have now; bullet-proof vest and the cars completely equipped and I would think that that's what we need.

MR. MILCAREK: Has that been discussed with any of the companies, those needs?

CLYDE SAILOR: They kind of indicated that whatever it takes to get our people there they're willing to go along with. We're not gonna ask for any luxuries, we're just gonna ask for what we really need to get the job done.

MR. MILCAREK: There are two fully equipped deputy sheriff cars; is that right?

CLYDE SAILOR: No, no, we have eight (8) deputy cars. Each officer -- we have eight (8) full-time deputy officers and each one

has a take-home car which is fully equipped.

MR. MILCAREK: Well, what was I hearing earlier about there just being two cars that.....

CLYDE SAILOR: Well, when we have all of our people working, nobody on vacation, special details, we have two (2) people per shift on the road.

MR. MILCAREK: Okay. So what are you gonna need additional ....gonna need additional deputies or additional cars?

CLYDE SAILOR: We're gonna need both. For each deputy we hire or each county police officer in this case that's coming, for each officer we'll need an automobile and a full line of equipment.

MR. MILCAREK: And how many

do you anticipate that would be?

CLYDE SAILOR: Well, at least six (6) to seven (7) if we're gonna put someone down there on site which they're proposed putting us an office down there. If we're gonna put someone on site twenty-four hours a day, and when you get into your vacations and your special duties, of course it will take six (6) to seven (7) officers.

MR. VOWELS: And is it just the Sheriff's Department; there any sub stations or anything around?

CLYDE SAILOR: At this time?

MR. VOWELS: Yes.

CLYDE SAILOR: No, we just have the one office here in Corydon. Of course, we're building a new jail now, but there's no increase in personnel.

MR. VOWELS: I notice there is no court on Wednesday afternoon; is that traditional or what...?

CLYDE SAILOR: It's a tradition.

MR. VOWELS: I like it very much.

MR. KLINEMAN: All right. Anyone else they would ask from the Sheriff?

From the Sheriff, no, not the Sheriff. (Unknown)

DAVID ROSS, JR. M.D.: Do you have any significant racial minorities in Harrison County?

JUDY HESS: No sir, we don't.

DR. ROSS: Does that mean you don't have any?

JUDY HESS: Less than one percent. We have a significant population in Clark and Floyd County.

JUDY HESS: Any other?

ANN BOCHNOWSKI: I have a question and I'm not -- I'll ask this of all of the developers also, but regarding the river, and the two sites, we saw the sites. Are we gonna be able to see the map of exactly where the Kentucky border comes in on the river? Can these boats actually float from those sites, cruise from those sites; have you looked into that?

JUDY HESS: Yes. Some maybe more usually than others...

ANN BOCHNOWSKI: Which, in what location do you have, does Indiana have more.....?

JUDY HESS: I really could not answer that.

MR. KLINEMAN: Yeah, maybe the developers...

ANN BOCHNOWSKI: Yeah, I'm gonna ask everybody. I'll ask the developers too, but I want to hear these....

GREG ALBERS: I think some of us handled it on an individual basis. There is enough but it is marginal.

ANN BOCHNOWSKI: Okay. I guess they'll have to give us their cruising plans but I wanted to get that out.

JUDY HESS: John.

JOHN BUSKIRK: We did have some specific discussions with each developer and asked them the same question with their plans and with the amount of room they have, the amount of dredging they're proposing to do and the side of the boats, and as I said, it's a

1 bit tight, but we did not see any
2 problems with it.
3 JUDY HESS: Other questions?
4 GREG ALBERS: I just have a
5 quick comment I'd like to make,
6 while I've got the opportunity,
7 I'd like to thank the citizens of
8 Harrison County that participated
9 in this, the Evaluation Team,
10 the Task Force. I think if there's
11 been a difference between what you
12 see here and what you've seen in
13 other places it's been because we
14 have had such citizen involvement
15 in it. And I just want to
16 publicly thank them.
17 MR. THAR: A quick follow-up
18 on Dr. Ross's questions.
19 JUDY HESS: Sure.
20 MR. THAR: Notwithstanding
21 the fact that minorities might be

less than one percent and you want a hire here, buy here type program which is great for your county, there are certain goals that would have to be met. The County would have to pay the meetings of goals, prepared to that with regard to minority business, women business and otherwise?

JUDY HESS: Yes. That is not a problem. One thing I want to point out we of course do prior-tize purchasing and hiring locally in Harrison County, but as you noticed on the video and in the presentation, any employer of size in Harrison County hires in the region. We have also worked with the minority enterprise development group for the seven counties and the southern Indiana small business

development center. They are on alert and working to meet those goals that are in the law, and are working with us in making sure that that happens. We very much want the minority and women businesses that are going to be considered to at a minimum be in this region. We are very keyed on that and as I said the minority Enterprise Development Center who works in the seven counties here, tells us where we meet those goals.

John.

JOHN BUSKIRK: I just wanted to mention that that will be a specific part of the development agreement also, that the developer will embrace the statutory goals for both minority and women on business and opportunity.

MR. KLINEMAN: Anything further?

Well, we thank you again for your presentation and of the information that we've been able to gather from you and thank you again for your hospitality. And we'll now take a fifteen minute break. We'll be back about ten after 11:00.

(RECESS)

MR. KLINEMAN: Could we settle down. If you would start we'll recognize Harrison County Gaming Company, LLC. Could we have it quiet please.

Good morning.

BOB STURGES: Good morning. Chairman. Chairman Klineman,

Harrison Co Gaming

1 Members of the Commission, and
2 Staff. My name is Bob Sturges,
3 I'm President of Carnival Casinos.
4 Thank you for giving our team the
5 opportunity to appear before you
6 this morning, describe our proposed
7 project for Harrison County, a
8 project we are all extremely enthu-
9 siastic about. In a former life,
10 about twenty years ago as a Prose-
11 cutor in the New Jersey Attorney
12 General's Office, I used to love
13 the advantage of speaking last to
14 the jury, having that final word.
15 In this process we don't have that
16 advantage but we think and we hope
17 that what we have to say to you
18 here today will nonetheless have a
19 lasting impression because we be-
20 lieve that we have something ex-
21 citing and important to say.

1 You'll be hearing from four
2 companies over the next two days.
3 They're all certainly competent to
4 run a riverboat in Harrison County.
5 The question is of course for the
6 Commission to determine who is the
7 best applicant for Harrison County.
8 We stand before you today ready to
9 be carefully evaluated and judged.
10 Our application is, uh, the appli-
11 cant company is Harrison County
12 Gaming which is comprised of three
13 entities: Carnival Hotels and
14 Casinos which has a majority inter-
15 ests; Mount Albany Gaming which
16 owns thirty percent which is owned
17 by the Johnston family represented
18 here today by the President John
19 Johnston; and twenty percent owned
20 by Hoosier Gaming comprised exclu-
21 sively by Indiana residents.

1 These are the individuals
2 you'll be hearing from today
3 during our sixty-minute presenta-
4 tion or maybe sixty-three minute
5 presentation, hopefully sixty-
6 minute presentation. And the only
7 part of the large group of indivi-
8 duals who have been working so hard
9 to make our casino jubilee project
10 a reality.
11 This phrase "Carnival Delivers"
12 captures in two words the essence
13 of one of our most important mes-
14 sages here today. Not only is this
15 phrase literally true since Carnival
16 delivers millions of cruise ship
17 passengers annually, millions of
18 airline passengers annually on
19 Carnival Airlines, and delivers
20 hotel services to nearly six mil-
21 lion hotel guests annually, but

more importantly we deliver on our promises. And as we all know in life there are talkers and there are doers. We pride ourselves as a organization, a gaming organization of doers. This is a list of unique benefits which a Carnival project would deliver to Indiana. And this is what our team of presenters will be discussing with you during the presentation this morning.

We'd like to begin with an introduction to what we call: The Carnival Family of Companies.

(VIDEO PRESENTATION)

Over twenty-five years ago a company was born that created a new type of vacation experience, an affordable vacation at sea, well within the reach of millions of

1 people. That company is Carnival.
2 And over time it has become the
3 most popular cruise line in the
4 world. And indeed the largest
5 cruise company on the planet.
6 At about the same time Carnival
7 was born, the Continental Companies
8 was founded to develop and operate
9 hotel and resort properties. The
10 two companies joined forces and
11 today Carnival Hotels and Casinos
12 is one of the largest management
13 companies in the country, with over
14 2.5 million dollars worth of assets
15 under management and development.
16 Carnival Hotels and Casinos is an
17 international hospitality and enter-
18 tainment company, formed to bring
19 the Carnival formula for success
20 and profits into the management
21 and development of resort gaming

1 properties.

2 Carnival's family of companies
3 starts with ..... Grand Carnival
4 Cruise Line that hosted over one
5 billion passengers last year on
6 its fun ship fleet. Holland
7 America is a five-star classy
8 cruise line whose name has been
9 associated with quality around
10 the world. Seaboard Cruise Line,
11 the best of the best, among the
12 most luxurious anywhere in the
13 world. And Windstar, a cruising
14 adventure that is truely unique,
15 caters to an emerging market of
16 upscale cruisers who desire luxury
17 without formality.

18 Carnival Airlines brings
19 travel values each year to millions
20 from California to the Carribean.
21 Our fleet of twenty-five (25) modern

1 jets includes 727's, 737's and
2 air bus three hundred air crafts.
3 Westours is the largest, most
4 experienced and the most success-
5 ful cruise tour company, offering
6 vacations to Alaska and the Canadian
7 Yukon. By combining our fleet of
8 cruise ships with Westmark Hotels
9 and Inns and Greyline seventeen
10 Motor Coach rail and marine divi-
11 sions. Decades of developing new
12 assets on land and sea have given
13 us a tremendous amount of experience
14 in marketing, building, and opera-
15 ting casino properties. We know
16 the gaming and resort customer,
17 how to satisfy them, and as a re-
18 sult how to be profitable. Today,
19 Carnival Hotels and Casinos manages
20 hotels with more than 17,000 guest
21 rooms throughout the Americas,

1 serving over five million guests
2 a year, including full service
3 hotels, all suite hotels, five-
4 star resort properties, vacation
5 resorts, limited service facilities,
6 conference centers and casinos.
7 There is currently a riverboat opera-
8 tion in Louisiana and new casino
9 complexes in Canada and Massachusetts
10 will soon come on line. Because
11 of our diversity, our knowledge
12 and hands on experience in so many
13 of the travel facets and leisure
14 industry, we bring a broad team
15 of experts into everything we do.
16 Cross marketing, volume purchasing,
17 and increased financial strength
18 come from these capabilities. Our
19 successful associations with the
20 top hotel and resort companies in
21 the world showcase our strengths.

1 Carnival's track record in the
2 casino business is impressive both
3 at sea and on land. Relationships
4 with international governments
5 reinforce the fact that Carnival
6 is a name to be trusted. A company
7 that values integrity as much as
8 it does in special franchise on
9 creating a fun, family oriented
10 and leisure environment. Here
11 you'll find tighter controls,
12 employee training unsurpassed in
13 the industry and stringent finan-
14 cial security and operational con-
15 trol. It's an approach that is
16 not Las Vegas or Atlantic City;
17 it is an approach that is Carnival's
18 and Carnival's alone. The way we
19 do business, Carnival is your
20 kind of fun.
21 (END OF VIDEO PRESENTATION)

1 And now it's my pleasure to
2 introduce the Chairman of Carnival
3 Hotels and Casinos, a man who has
4 been a director of Carnival Corpora-
5 tion from the day the Company went
6 public, almost nine years ago, a
7 man with over thirty (3) years of
8 experience in the travel and leisure
9 industry. It is safe to say that
10 there is no business leader in
11 Miama, which is our home, who is
12 more committed to the betterment
13 of our community. The most recent
14 example is his chairmanship of the
15 performing arts foundation which
16 is currently developing a two
17 hundred million dollar art center
18 in Miami. He has been active for
19 forty (40) years in Big Brothers
20 Big Sisters and served on the nation-
21 al board and in 1994 he was named

1 South Florida's Tourism Professional
2 of the Year. These are just a
3 few examples of his many profes-
4 sional and civic accomplishments.
5 All of us at Carnival Hotels and
6 Casinos are proud to follow the
7 lead of our Chairman and to live
8 on a day-to-day basis the values
9 and priorities he has established.
10 SHERWOOD WEISER: Thank you,
11 Bob.
12 Good morning ladies and
13 gentlemen.
14 In an experienced interna-
15 tional hospitality and entertain-
16 ment company, we're prepared to
17 invest our resources and experience
18 in a world of business, tourism,
19 hospitality and gaming in Harrison
20 County in order to develop an out-
21 standing entertainment casino re-

1 sort in Indiana. I think relation-
2 ships are extremely important to
3 our company because much of Carnival
4 Hotels and Casinos success has been
5 achieved because of our ability to
6 develop long-term relationships,
7 with key partners within the industry
8 and relationships that have lasted
9 for more than twenty-five years.
10 One of these partners, Carnival
11 Corporation holds a position in
12 travel and tourism that is unmatched
13 in the industry. Carnival Hotels
14 and Casinos is one of the country's
15 largest hotel and casino management
16 firms that enjoys the solid partner-
17 ship of the Carnival Corporation
18 built on many years of trust and
19 integrity, and together today we
20 enjoy one of the most successful
21 track records in the history of our

1 industry. Let me say to you that
2 the strength of our company lies
3 in its foundation. When my partner
4 and I founded the Continental
5 Companies in 1970, to manage and
6 develop hotel resort properties,
7 it was an experience for us and
8 the beginning of a career. In the
9 mid-1980's I was pleased to join
10 the board of directors of Carnival
11 Cruise Lines when Carnival became
12 a public company, and today that
13 company is over eight billion
14 dollars in the marketplace.
15 Continental and Carnival joined
16 together in 1994 to form Carnival
17 Hotels and Casinos and today our
18 company offers all of the resources
19 of a major international tourism
20 company, including special market-
21 ing, management arrangements with

1 our cruise ship companies, our
2 airline and the financial resources
3 and reputation necessary where
4 development can grow. Carnival
5 Hotels and Casinos is so much more
6 than just a gaming company. With
7 approximately 2.5 billion dollars
8 in assets under our management and
9 under development and with annual
10 revenues today in excess of nine
11 hundred million dollars and with
12 more than twenty thousand employees
13 worldwide, we manage a diverse
14 portfolio of properties including
15 luxury hotels, all suite hotels,
16 sophisticated resort, limited ser-
17 vice facilities, conference centers,
18 and, yes, casinos. In addition,
19 we serve today as consultants for
20 thirteen of Carnival Ship Board
21 Casinos and operate five land based

1 casinos and riverboats. Lucaya
2 Beach Resort and Casino, the
3 Condato Beach Hotel and Casino,
4 LaRose Anautica, the Casino Rouge,
5 and the yet to be opened this
6 summer, Casino Rauma Resort just
7 north of Toronto. We're extremely
8 proud of the fact that the profes-
9 sionals make up our gaming division,
10 they come from a long hard start
11 of the business, and they bring
12 with them a level of integrity and
13 respect to our gaming operations
14 that's unparalleled in the industry.
15 Led by Bob Sturges, former director
16 of gaming enforcement for the
17 state of New Jersey, who brings
18 with him an outstanding knowledge
19 of the gaming business. We also
20 act as gaming commissions to several
21 foreign governments, as well as

1 native American and first nation
2 organization who would look to our
3 company for our expertise in res-
4 ponsible and regulated gaming. I
5 think that a large part of the
6 success if you will and integrity
7 of the Carnival organization has
8 been based on a solid foundation
9 of core values that include a strong
10 commitment to the people and the
11 communities that we serve. Mick Ayers
12 and I do agree that most important
13 investments our company can make
14 are those that are made in our
15 employees and in the local communi-
16 ties that we serve, and as a re-
17 sult the Carnival family has donated
18 more than thirteen million dollars
19 to civic and charitable organiza-
20 tions within the past two years.
21 I dare to say that these donations

1 have helped the arts, cultural,
2 educational and charitable efforts
3 in our home base of Miami and in
4 the cities and counties all across
5 this country in locations where
6 our hotels and casinos or cruise
7 ships are based. Today the
8 Carnival family of companies com-
9 prises one of the largest, most
10 successful organizations of the
11 travel industry. From cruise ships
12 to tour companies to airline, rail
13 carriers and hotel and casino opera-
14 tion, Carnival is known throughout
15 the world as a leader in travel
16 and entertainment. We are genuinely
17 excited about this opportunity to
18 bring all of our resources to
19 bear upon this project, and by
20 combining our strengths in both
21 gaming and the hospitality industries,

1 we believe that Carnival Hotels
2 and Casinos offers to Harrison
3 County the best of all worlds.
4 Carnival's strength comes from the
5 marketing of our project and our
6 products to the heartland of
7 America. And what all of this
8 finally comes down to is the way
9 we market and what we deliver to
10 our customers, it's the Carnival
11 style of fun.
12 (VIDEO PRESENTATION)
13
14 Before Carnival jump-started
15 the modern era of vacations at sea,
16 cruises were thought to be reserved
17 for the wealthy, a way people could
18 travel to Europe without having
19 to fly. Stuffy, expensive, elitest.
20 Carnival changed all of that.
21 What makes Carnival's fun ships

1 the most popular in the world?
2 "IN the morning, in the evening,
3 ain't we got fun. Not much money,
4 oh, but honey, ain't we got fun,
5 the food is great here, there's
6 never a bill, we'll stay up late,
7 dear, it's such a thrill. Sunny
8 weather, all together, we've got
9 the fun."
10 Fun, that's what makes
11 Carnival's fun ships the most popu-
12 lar cruise ships in the world.
13 Carnival created the fun ships and
14 built a brand associated with fun,
15 entertainment, letting yourself
16 go, as well as value.
17 "I'd skip Vegas and come here
18 if I had my choice. I mean I
19 have a ball. I have a ball."
20 Carnival's brand of fun
21 derives from a product that caters

1 to a wholesome image, one that
2 has reached every market in the
3 country. Magazines, in newspapers,
4 on television.
5 "We are recognized for what
6 I believe that this ship had an
7 atmosphere different than the com-
8 petitors. People are staying up
9 later at night, people are having
10 a better time, we are attracting
11 a younger crowd, and crew members
12 and bartenders started coining the
13 phrase "heartship" and I believe
14 Bob Sturges from the crew, picked
15 it up and this is what happened
16 in the product that was built was
17 remarkable, and recognize what has
18 happened and to ....."
19 Carnival's approach to the
20 gaming industry builds on our ap-
21 proach to fun. Fun is big, color-

1 ful, festive; that's how Carnival
2 builds cruise ships. That's how
3 we build riverboats.
4 "This casino makes you feel
5 that everyone here is your friend,
6 that you've known them, that they're
7 not complete strangers. If you
8 need anything they're right there.
9 It's just, it's just like you've
10 become a part of a family while
11 you're here."
12 Carnival and fun, a concept
13 that we are proud to call our own.
14 (END OF VIDEO PRESENTATION)
15
16 BOB STURGES: This is also
17 the concept of our Indiana project
18 which we are calling: Casino Jubilee,
19 named after one of our finest cruise
20 ships, because we intent that our
21 Harrison County project will mirror

1 the value, the style, and most
2 importantly the entertainment ex-
3 perience for our guests that has
4 made Carnival so successful. In
5 designing our project we wanted
6 an exterior that would blend in
7 with the fabric of the community
8 and the site. The exterior is
9 therefore understated and tradi-
10 tional. First and foremost in
11 designing this project we wanted
12 to provide as many entertainment
13 options as possible. When we en-
14 vision our project with a casino,
15 we don't just look at slot machines
16 and table games, we look at all
17 the amenities. And they aren't
18 just after thoughts. They're an
19 integral part of the product that
20 we want to deliver. This is why
21 we have proposed a five thousand

1 seat amphitheatre which is depicted
2 in the lefthand corner at the top
3 of this rendering. As well as an
4 eight hundred seat showroom. Later
5 on we'll talk about a dramatic
6 step we have taken to ensure that
7 the entertainment at the Casino
8 Jubilee will always be nothing
9 short of first class. We've de-
10 signed a five-hundred-room resort
11 as shown here in the rendering,
12 with two-hundred rooms in the first
13 phase and every room will have a
14 view of the Ohio River. This
15 hotel will not just be a bedroom
16 for the Casino; it will be a des-
17 tination resort with a fully en-
18 closed pool, spa and exercise room,
19 tennis, marina, and expansive
20 meeting spaces for business or
21 social functions. We have also

1 planned an eighty-five thousand
2 square foot dining and entertain-
3 ment pavilion complete with a
4 veranda overlooking our marina
5 and the Ohio River, a two-hundred
6 and fifty seat per bed, a hundred
7 and fifty seat fine dining restaurant
8 and casual dining in our Winner's
9 Circle Cafe. We have also planned
10 for a coffee house, lounges and
11 five thousand square feet of festive
12 retail, all in our entertainment
13 pavilion. Our guests will have
14 the option of boarding our river-
15 boat from an enclosed walkway
16 directly from the entertainment
17 pavilion, or in warmer weather after
18 a stroll along the riverside board
19 walk they can enter the riverboat
20 from that side as well. Our one
21 hundred and fifty acre site is

1 nothing short of spectacular from
2 every perspective. We will enjoy
3 outstanding access at the Inter-
4 sections of State Road 111 and
5 211, less than fifteen minutes from
6 the Sherman Minton Bridge. We will
7 be able to offer our guests four
8 thousand on-site parking spaces
9 which always is a clear preference
10 to parking garages. We have re-
11 served thirty acres on the southern
12 portion for future development.
13 The interior design will reflect
14 the festive and relaxed atmosphere
15 that is characteristic of all
16 Carnival products. In the surrend-
17 ering of the entertainment and
18 dining pavilion we see our Jubilee
19 Java Coffeehouse or Winner's
20 Circle Cafe and an open circulation
21 area where our guests will inter-
act with mims and jugglers and
magicians with music - live music -

1 being provided seven days a week,
2 all creating a festive atmosphere.
3 This will definitely be a fun
4 place to come and visit. Our
5 casino will feature a three deck
6 atrium with a dramatic forty-foot
7 centerpiece, much like our Baton
8 Rouge Riverboat. The coast guard
9 approvals were a challenge, but
10 our Carnival team helped us design
11 and build a state of the art smoke
12 extraction system which met all
13 coast guard requirements. And now
14 the effect is available for Indiana
15 customers because we plan to design
16 the same kind of atrium and build
17 the same kind of atrium which will
18 give our customers the feeling of
19 spaciousness and comfort which
20 only an atrium can create. Our
21 ceiling heights will average sixteen

1 feet and our starlight ceiling
2 panels will further establish an
3 airy and comfortable environment.
4 To further score our commitment
5 to our guests and their comfort
6 we have spread our twenty-three
7 hundred gaming positions over fifty
8 thousand square feet of gaming
9 space. We have fifty table games
10 and two thousand slots, giving us
11 a very comfortable ratio of almost
12 twenty-two square feet per gaming
13 position. In keeping with the
14 Carnival philosophy we have dedi-
15 cated space on the riverboat for
16 entertainment and a lounge area,
17 in order to fully carry out our
18 commitment to maximixe the enter-
19 tainment options available at all
20 times, even when our guests are
21 on the riverboat. We intent to

1 operate a temporary vessel at the
2 permanent dock on the northern end
3 of the site, while our permanent
4 vessel is constructed on site in
5 the thirty-acre quadrant that is
6 reserved for future development.
7 As you can see, our site uniquely
8 lends itself to this strategy since
9 we have almost thirty-five hundred
10 feet of river frontage. We expect
11 that our temporary vessel can be
12 in operation within four months of
13 receiving our Corps permits. Our
14 permit vessel should be available
15 within eight (8) months of Corps
16 permits and all facilities complete
17 within twelve months. As we all
18 know, the success of any project
19 is dependent upon our ability to
20 sell it. And if there is one
21 thing that the Carnival organiza-

1 tion is well known for, it's our
2 ability to sell, market and promote.
3 The senior vice president for
4 sales and marketing of Carnival
5 Hotels and Casinos is a twenty-five
6 year veteran to the travel and
7 leisure industry. He's been with
8 the Carnival organization for six
9 years. His name is George Brennan
10
11 GEORGE BRENNAN: Carnival
12 is the most popular cruise line in
13 the world. You've heard it many
14 times but it's more than just an
15 advertising slogan. The Carnival
16 name is in fact the most recognized
17 cruise/land name in the world.
18 And it's success was achieved by
19 appealing to the broadest possible
20 constitutients. Middle income
21 America. These are precisely the
type of customers that a success-

1 ful casino here in southern Indiana
2 will have to appeal to. Over the
3 next two days, you will certainly
4 hear and perhaps see, a number of
5 large data bases. We'll have our
6 ..... to point to as well.
7 Carnival company carries over a
8 million cruise passengers a year
9 and over two million airline pas-
10 sengers per year, but what do they
11 really mean to a casino that is
12 located in southern Indiana.
13 Carnival's difference is a number
14 of those customers live right here
15 in the area. As you can see, over
16 a hundred thousand Indiana past
17 cruisers and fifty-six thousand
18 Kentucky past cruisers live right
19 here in the area. Ninety-eight
20 percent with a favorable customer
21 rating. When you consider multiple

1 visits, as many of the projections
2 must, these customers could account
3 for up to twenty percent of the
4 projections that we'll present.
5 Take a look at what the Indianapolis
6 Star recently had to say: The
7 world's largest cruise line draws
8 sixty percent of all first time
9 cruisers. Last year it carried
10 1.2 million passengers and earned
11 a profit of four hundred and fifty-
12 one million dollars. Such success
13 is no accident. Carnival is after
14 all, the line that cultivated the
15 mass market appeal as carefully as
16 a gardner cultivates orchids.
17 That same successful approach will
18 work with Casino Jubilee. We have
19 a thirty-eight billion dollar mar-
20 keting effort, and in the first
21 year in order to launch this casino

1 resort we have dedicated fourteen
2 million dollars to visible media
3 and sales promotion. A fully in-
4 tegrated launch that covers all
5 aspects of media throughout a wide
6 region, plus direct marketing pro-
7 grams that recognize repeat customers.
8 It was exactly this type of market-
9 ing effort that produced success
10 in Baton Rouge and captured sixty
11 percent of the market while we
12 invested less than a third of what
13 our competitor did, and along the
14 way we contributed half a million
15 dollars to charity and civic enti-
16 ties and spent fifteen million in
17 purchases locally. We'll bring
18 that same level of expertise in a
19 parallel effect to the resort to
20 this developed Casino Rouge. We
21 are after all one of the largest

1 management companies in north
2 America. There are times we say
3 with fun that Carnival is the
4 company that took a product that
5 had been reserved for wealthy newly-
6 weds or nearly-deads and brought
7 it to millions. But after all
8 that's exactly what we are talking
9 about doing to make Casino Jubilee
10 a success.
11 An issue that doesn't get
12 enough attention when discussions
13 of riverboat are taking place is
14 the fact that a safe and secure
15 vessel has to be professionally
16 and efficiently built. I can
17 safely say that no leisure company
18 in the world has successfully built
19 more vessels, more boats, more
20 ships. Over the past six years
21 Carnival has developed and brought

1 into service eleven (11) new cruise
2 ships, representing an expenditure
3 in excess of three billion dollars
4 with another two billion dollars
5 of new ship construction planned
6 for the next five years, as well
7 as developing and delivering our
8 highly successful Casino Rouge
9 Riverboat in December of 1994.
10 In 1994 and 1995, the Carnival organi-
11 zation built two (2) three hundred
12 million dollar cruise ships side
13 by side. Delivered both ships on
14 time and on budget. And this fall
15 Carnival will take delivery of the
16 Carnival Destiny which will be
17 the world's largest cruise ship.
18 One hundred thousand tons. Cost
19 of four hundred million dollars.
20 With a capacity of three thousand
21 passengers. Heading off our Casino

1 Jubilee Riverboat construction will
2 be Carnival Technical Services.
3 The same Carnival division which
4 supervises all ship construction.
5 And with us today is Steve Payne,
6 senior naval architect of Carnival
7 Technical Services. Our contractor
8 will be Chicago Bridge and Iron,
9 a company with a great deal of ex-
10 perience in building riverboats
11 and especially experiences in build-
12 ing riverboats on site. We have
13 listed as team members two Indiana
14 union organizations. Unlike other
15 applicants we have planned to build
16 our vessel on site for months, and
17 we have reflected that in our sub-
18 mission to you. Although there
19 may be some eleventh hour converse
20 to this approach among the other
21 applicants we take pride in the

fact that we thought of this idea as a demonstration of our commitment to the State of Indiana and what it will mean in additional benefits to the Indiana economy. We'd like to show you some additional information about Chicago Bridge and Iron and about our plans to construct our vessel on site.

(VIDEO PRESENTATION)

Chicago Bridge and Iron is a company that's been around for over a hundred years, based here in the midwest, but we have operations throughout the world. Basically you can name any country and we've been there at some point in time in our industry. CBI's marine experience dates back to 1918 when we started a barge yard here in

1 Illinois. Our rail experience got
2 rolling back in the war days when
3 we built a hundred and fifty ships
4 in a three year period and since
5 then we've done another fifty
6 marine structures throughout the
7 world. We've worked on projects
8 in excess of a billion dollars.
9 We take pride in every one of our
10 projects because we put the CBI
11 name on it, we want a first rate
12 product that's delivered within
13 budget and on time. The primary
14 economic benefit that Harrison
15 County is gonna see out of the pro-
16 ject is the creation of a hundred
17 and fifty union jobs with the con-
18 struction of the riverboat, with
19 an annual payroll of eight million
20 dollars.
21 We're the Boilermakers of Local

1 374 and International Brotherhood
2 of Boilermakers, believe that the
3 Carnival project that's been pro-
4 posed in Harrison County, Indiana,
5 provides the greatest economic
6 impact not only to the Boilermakers
7 of Local 374 but to the local com-
8 munity and the State of Indiana.
9 It will generate more jobs, will
10 increase the tax base and provide
11 a better life for the working people
12 in Indiana and in particular
13 Harrison County.
14 The quality that the Local
15 Boilermakers of Local 374 produce
16 is unmatched by anybody. I mean
17 we're -- our common arc welders
18 are tested. These men come out
19 and they do quality work and they're
20 gonna take a lot of pride in this
21 project because it's gonna be built

1 locally, so every time they or any
2 of their friends step foot on
3 that boat they know it was built
4 by them. And that's all we have
5 to sell is our skills. And quality
6 is number one with the Boilermakers.
7 CBI is a can do company and
8 we've brought projects in on time
9 all over the world and time and
10 time again. You can just ask the
11 people of Elgin, Illinois.
12 The thing that we're so proud
13 of is that the idea started here,
14 the construction took place here,
15 it's all part of Elgin, Illinois,
16 and we watched it happen and that
17 makes all of us feel very good.
18 It has been a first class
19 development from day one.
20 I'm a former Navy man and I
21 had never seen a boat launched side-

1 ways and this was exciting. They
2 had people all over downtown atop
3 rooftops and hillsides and the
4 benefits for our community from
5 day one have been very significant.
6 Carnival knows how to bring
7 people on their boat. We know how
8 to build them.
9 All four Harrison County
10 applicants can legitimately claim
11 tremendous benefits to the Indiana
12 economy as a result of their pro-
13 jects. What we are proposing will
14 result in an additional forty-five
15 million dollars of benefits to the
16 Indiana economy above and beyond
17 what any other project can claim.
18 This on-site commitment will result
19 in more than a thousand additional
20 direct and indirect jobs for Hoosiers.
21 It will result in millions of addi-

1 tional dollars to Indiana businesses
2 and it will also give us greater
3 control over the development of
4 the riverboat. We can do all
5 this because of the tremendous site
6 that we have, because of the ex-
7 traordinary expertise for the
8 Carnival organization and because
9 we are completely satisfied that
10 we have selected a general contractor
11 that is more than capable of carry-
12 ing out this mission.
13 I'd like to ask Bob Trinkle,
14 a lifelong resident of southern
15 Indiana who has been working with
16 us on this project for more than
17 two years, to talk further about
18 other commitments to Indiana that
19 the Casino Jubilee project is pre-
20 pared to make.
21

1 ROBERT TRINKLE: Good Morning.
2 I'm proud to be able to tell you
3 about our proposal for the Harrison
4 County Civic Foundation. In 1913
5 my great-great-great grandfather
6 Dennis Pennington, laid the founda-
7 tion and then built Indiana's first
8 State Capitol here in Corydon.
9 It was built for a staggering
10 three thousand dollars. Casino
11 Jubilee will put that same sum,
12 three thousand dollars, into the
13 Harrison County Civic Foundation
14 every six hours, twenty-four hours
15 a day, three hundred and sixty-five
16 days a year. The first year
17 we'll contribute five million
18 dollars upon issuance of a certifi-
19 cate of suitability. That's thirty-
20 two million dollars over the first
21 five years. These percentages show

how we arrived at that thirty-two million dollars. Our representative on the foundation will strongly support these projects that have been developed over the last two years by the Harrison County Task Force. In support of the demonstration of commitment to the State of Indiana and this area, we have developed a program showcasing Indiana artists. This concept is unlike any proposal ever made to the Indiana Gaming Commission. We will offer at our amphitheatre something totally new; a legends concert theory featuring stars like Alabama and Reba McIntyre. More importantly, we will produce a Legends Broadway series featuring for example the music of Rogers and Hammerstein. These productions

1 will be staffed technically and
2 artistically by students and faculty
3 from all of Indiana's Universities
4 and Colleges as well as high school
5 interns from all over the State.
6 Two of our guests here today are
7 Dr. Lewis Hackleman from Indiana
8 State University's Theatre Depart-
9 ment and Professors John Finnigan
10 and Susan VanDyke from Indiana
11 University Southeast Theatre. We
12 have detailed our plans to the
13 Indiana Threatre Association and
14 will use them extensively for re-
15 cruitment. In talks I had with
16 the Indiana Arts Commission we
17 discovered a unique niche to fill.
18 So, again, we will reach out to all
19 of the visual artists in Indiana
20 and make our boardwalk available
21 for exhibitions featuring Indiana
sculptors, potters, musicians and

many other artists. Our theatre staff will produce Saturday morning children's theatre and workshops, free to children in the region, and one other thing, and this is very important; I have worked with Carnival for over two years and you can count on these projects happening. They deliver on their promises. Opportunities like this are a dream come true for Indiana performing artists, and you can take it to the bank, Carnival will deliver on this project. It's called the integrity factor. Now, I'd like to introduce to you our entertainment consultant, a major player in the entertainment industry who has a unique relationship to Indiana.

(VIDEO PRESENTATION)

VIDEO: "REGIS PHILBIN, ENTERTAINMENT CONSULTANT"

Hi everybody, I'm Regis Philbin. You probably know me from Live with Regis and Kathie Lee. But my sidekick and I are also known for our association with Carnival. That's why I'm so proud to be named The Entertainment Consultant for Casino Jubilee. You know, Carnival is one of the most experienced entertainment companies anywhere in the world, with everything from musical reviews and concerts to professional sports, all ..... As a Notre Dame Alum, I know and love Indiana. I believe that Carnival will bring the right type of entertainment here.

Casino Jubilee is a concept

1 that is perfect for Indiana. It's
2 not just a haven for elitest de-
3 signed to appeal to high rollers
4 who jet in and jet out; it's not
5 only for a select few who can af-
6 ford a luxury resort, although we
7 will welcome them with open arms,
8 it's being designed just as Carnival
9 has built its cruise business all
10 of these years; a product with
11 value and appeal to what the great
12 majority of Americans want and can
13 afford. You know, it fits the
14 Indiana landscape; it's compatable
15 with the American lands .....
16 We at Carnival have always said:
17 "Create entertainment and they will
18 come." And boy have they. We've
19 been entertaining audiences now
20 for over twenty-five years three
21 hundred and sixty-five days a year.

1 We know how to make people have
2 fun and that's why they keep coming
3 back year after year. You see,
4 we're not just giving Harrison
5 County a casino resort, we're
6 creating a leisure and entertain-
7 ment destination where people will
8 want to go and a place Indiana
9 residents will want to visit,
10 often, and bring their friends.
11 A fully integrated entertainment
12 complex with an eight-hundred
13 seat theatre that can host local,
14 regional theatrical performances.
15 It can even be used for meetings
16 and conferences. There will be a
17 marina with permanent slips and
18 strips for visitors. A beautiful
19 boardwalk and an amphitheatre that
20 will host world class entertainment.
21 We'll put on marvelous shows and

concerts, acts that people of Indiana and the visitors will want to see. We know how to get them there and how to make them come back. Time after time after time. So at Carnival we're excited about bringing our brand of fun and entertainment to Harrison County, and I can't wait to get there myself, and maybe I could talk to my buddy Kathie Lee about coming, joining me, doing a duo. we'll put on a concert. It will be fun. Thanks.

(END OF VIDEO PRESENTATION)

BOB STURGES: Regis and Kathie Lee have been great for the Carnival organization and we believe they'll be great for Harrison County too.

As self-serving as this next phrase sounds, and I suppose there

1 is a self-serving quality to every-
2 thing you're gonna hear over the
3 next two days, but when you look
4 beneath the surface to our core
5 and when you listen to the people
6 who've been speaking and will speak
7 on our behalf, we hope that you'll
8 see that this statement has some
9 real substance behind it. Not
10 only do we care about the economic
11 benefits of our project we also
12 care about the social impacts.
13 Compulsive gambling is an issue
14 you don't hear casino executives
15 talk too much about unless they
16 have to, but we don't believe that
17 this is an issue that should be
18 swept under the carpet. We feel
19 an obligation to help and to be
20 sensitive to that small percentage
21 of people who cannot handle the

1 freedom of choosing whether or
2 not to gamble or not. I have
3 known Arnie Wexler for over fifteen
4 years, first as a casino regulator,
5 I knew him when I was a lawyer and
6 representing compulsive gamblers
7 trying to put their lives back to-
8 gether, and I've known him during
9 my ten-year association with
10 Carnival when we seek his advice.
11 He conducts training seminars for
12 our casino executives and suggests
13 ways for our company to make an
14 extra effort beyond statutory re-
15 quirements to address problem
16 gambling. We have already initiated
17 discussions with LifeSpring Mental
18 Health Services to provide funding
19 support for their problem gambling
20 treatment in Harrison County and
21 the five counties they serve.

1 Arnie Wexler is a recovering com-
2 pulsive gambler who served for
3 twelve years. When I knew him as
4 a regulator on the New Jersey
5 Council on Compulsive Gambling,
6 including eight years as a executive
7 director. He's a national spokes-
8 person on this issue and he served
9 on the National Council on Compul-
10 sive Gambling for twenty years.
11 (VIDEO PRESENTATION)
12 "ARNIE WEXLER, COMPULSIVE
13 GAMBLING EXPERT"
14
15 I'm Arnie Wexler, of Arnie
16 and Sheila Wexler Associates.
17 We're experts in the field of
18 compulsive gambling. We do educa-
19 tional workshops across the country
20 to make people aware of the signi-
21 ficance of this issue. I have

1 worked with Carnival Cruise Lines
2 for more than ten years providing
3 training and consultation. I don't
4 know of any gaming company that's
5 more concerned with their communities
6 or has a better social conscience.
7 Carnival is at the forefront of
8 being this leader in taking a res-
9 ponsible position on these sensi-
10 tive issues.
11 (END OF VIDEO PRESENTATION)
12 CINDY DEMEULES: Good morning.
13 I'm Cindy Demeules, Vice President
14 of Human Resources for Carnival
15 Hotels and Casinos. I would like
16 to address Carnival's experience
17 and commitment to reaching into
18 the community to communicate to
19 Indiana and Harrison County resi-
20 dents the job and vendor opportuni-
21 ties that we will bring to the
community. We do this through a
series of job fairs, local and

1 regional programs, school and or-
2 ganizational meeetings, as well
3 as utilizing programs for hiring
4 disabled. We have found through
5 experience that this process allows
6 everyone an opportunity to review
7 their skills and backgrounds
8 against the jobs that we have avail-
9 able in the casino and hospitality
10 industry. Our expertise in this
11 area was evidenced recently by
12 the mass hiring that we did in
13 our Casino Rauma in Ontario. We
14 interviewed over forty thousand
15 applicants in a period of four
16 weeks, in a process that allowed
17 each person an opportunity for a
18 personalized interview. Another
19 way in which Carnival is committed
20 to ensuring the economic benefits
21 of Casino Jubilee are open to the

1 community, the store and vendor
2 preference program. We have deve-
3 loped a program that has already
4 been successfully implemented in
5 our Baton Rouge and Massachusetts
6 projects which we are able to im-
7 mediately implement upon receiving
8 the certificate of suitability.
9 This program will not only identify
10 existing local vendors but will
11 also develop small business assist-
12 ance programs for local companies
13 interested in developing to meet
14 the needs of Casino Jubilee. This
15 brochure is included in your hand-
16 book and it outlines some of the
17 goods and services Casino Jubilee
18 will require. We not only hire a
19 world renowned staff, we also pro-
20 vide additional and ongoing train-
21 ing and development. In partner-

ship with local resources and institutions such as Ivy Tech we will ensure that our carefully selected team is well trained and eagerly awaiting Casino Jubilee's customers.

To speak of our successful record of recruiting and hiring is Lester Porciau, our Vice President of Human Resources for Casino Rouge.

CASINO ROUGE: A CASE STUDY IN CULTURAL DIVERSITY

LESTER PORCIAU: Thank you. Carnival's Hotels and Casinos makes a strong commitment to hire and maintain a work force that reflects the population diversity of the community. It is evidenced by the Casino Rouge project in

1 Baton Rouge. The Louisiana River-
2 boat Commission established that
3 Casino Rouge should maintain a
4 work force of eighty percent
5 Louisiana residents, thirty percent
6 African-American and fifty-two
7 women. Because of Carnival's
8 commitment we were able to hire
9 and currently maintain ninety-eight
10 percent Louisiana residents,
11 fifty-three percent black and
12 fifty-five percent women.
13 Secondly, the Gaming Commission
14 issued goals that riverboat pur-
15 chase goods and services from
16 women, minority owned businesses
17 at a rate of ten percent each.
18 Since our opening we have developed
19 a business relationship with six-
20 teen point seven percent African
21 Americans and seven percent women.

1 Additionally, Casino Rouge developed
2 a minority advisory committee
3 made up of five successful black
4 business people from the Baton
5 Rouge community. This committee
6 is the only act of its kind in
7 the state. It is chaired by Dr.
8 Leon Tauver, the Vice Chancellor
9 of Administration at Southern
10 University. He has since opening
11 been appointed to our three-member
12 board of directors. In my almost
13 twenty-four years in human resourses
14 I have heard others make commit-
15 ments with no intent to achieve
16 goals. Since my first introduction
17 to Woody Weiser and Bob Sturges
18 I have felt an assurance and an
19 intensity that they will do exactly
20 what they commit to do. And they
21 give the employees the necessary

tools to make them a reality. Ladies and gentlemen, my community, my family and I have benefited from Carnival's presence. When you select Carnival, Harrison County and all of Indiana will also benefit.

Also, today I am pleased to introduce Franklin Breckenridge, Indiana Chapter President of the NAACP. Mr. Breckenridge.

FRANKLIN BRECKENRIDGE: Thank you. I'm here today to give the unqualified endorsement of the Indiana NAACP to Carnival project. It is my privilege to have served for the past eighteen years as President of the Indiana State NAACP. I also served this year as regional chairman of the NAACP for the seven states of

1 Indiana, Ohio, Illinois, Michigan,
2 Wisconsin, Kentucky and West Virginia
3 on the NAACP National Board of
4 Directors. The overall purpose
5 of the NAACP is to eradicate racial
6 discrimination in the United States.
7 The NAACP believes that racial
8 discrimination cannot and will
9 not be eradicated until African
10 Americans and other minorities
11 become fully integrated into the
12 business institutions and the
13 economy in this country. One of
14 the means by which the NAACP ac-
15 complishes this goal is through
16 our fair share program. Through
17 our fair share agreements we ac-
18 complish our goal in four ways.
19 First, assurance in affirmative
20 action hiring and promotions;
21 assurance of affirmative action

1 purchasing of goods and services;
2 influence in corporate policy
3 making and governments, and rein-
4 vestment in the minority community.
5 The NAACP has entered into a fair
6 share agreement with the Harrison
7 County Gaming Company which would
8 be the first one to be implemented
9 with a casino anywhere in this
10 country, if they are awarded the
11 license for this project. I have
12 the highest respect for the inte-
13 grity and character of the Carnival
14 organization and I personally
15 assure you they will have entered
16 this agreement for more than just
17 a show. Carnival has an outstand-
18 ing track record of affirmative
19 action as you've heard promotion
20 and vendor utilization in their
21 Casino Rouge operation and the

NAACP wishes to congratulate them for their achievements. We wholeheartedly endorse Carnival's application and request that you grant Carnival a certificate of suitability. By doing so, you will assure that Indiana's minority community will have the opportunity to earn its fair share of riverboat gaming benefits in Indiana. Thank you.

STEVE SMITH: I'm going to switch gears a little bit. Casino Jubilee site is the best site in Harrison County for three separate reasons: proximity to the market; constructability and permitability. This site poses no significant obstacles which could delay permit process. I'm Steve Smith, I'm

former district counsel for the local Corps of Engineers. I served for fifteen years as an attorney in the district and I focused my private practice on the construction issue. Every developer knows that location is the key to success. This project is no exception. When John Johnston came into the area, long before the referendum, he had his choice of sites at Bridgeport and Mauckport. It was clear to him that Bridgeport took full advantage of the proximity to the market that it serves. Adjacent roadways that exist .... wetland and the amount of buildable flat land are all factors of constructability and permitability, and they all go to the cost of the basic development. Some of

1 sites investigated and rejected
2 by Johnston included those which will
3 be presented to you this week.
4 This site demonstrates construct-
5 ability as it shows the condition
6 of two upstream sites in January
7 of 1996. The next slide is the
8 condition of the Casino Jubilee
9 site on the very same day, essen-
10 tially dry. The bility to cruise
11 is another factor in site
12 selection. Along the most upstream
13 property, the proximity of the
14 Kentucky boundary to the Indiana
15 shore, and the location of State
16 Road 111 immediately adjacent to
17 the bank pose a problem. The com-
18 bination of these factors led
19 Carnival to conclude that you could
20 not safely cruise this location.
21 The next downstream site is low
lying and narrow, restricting size

1 and flexibility of any project.
2 Casino Jubilee site on the other
3 hand encompasses a hundred and
4 fifty acres of flat, open ground,
5 and it's not constrained by State
6 Road 111 or any other visible ob-
7 struction. This gives Carnival
8 the unique ability and flexibility
9 to give you the project which it
10 promises. It also has a convenient
11 flood free alternative to State
12 Road 211. As you know, the dollar
13 size of a project is not a true
14 measure of potential for success.
15 The benefits would result from
16 having the best site are real,
17 they are reflected in the construc-
18 tion costs and their ability to
19 deliver that which you promised
20 in a reasonable time frame and
21 that's a subject that's not lost

1 on this Commission I'm sure. A
2 couple of simple factors illustrate
3 the point. First when you have a
4 lighter, higher and dryer site
5 you're able to develop your site
6 much cheaper. Much more cheap.
7 Also, we have an ability that of
8 on site parking, if we were to
9 have to build a parking garage
10 it would cost an additional ten,
11 thirteen million dollars. These
12 are very tangible benefits which
13 come from having the best site.
14 The site also provides a distinc-
15 tive advantage of permitability,
16 permits you have heard the complexity
17 of the regulatory system for about
18 two years now from just about every
19 applicant. It seems that every
20 applicant, everyone who has received
21 a certificate of suitability has

been faced with one delay or surprise after another. Carnival knows this site and we will not be surprised. The efforts Carnival has made are summarized in the following slide. But two things need to be mentioned: One, there are no wetlands on the entire one hundred and fifty-acre site; and secondly, we have entered into a contract with Indiana University .....Laboratory and they are currently underway of the site phase II investigation as approved by the State of Indiana.

Ladies and gentlemen, make no mistake about it, there are certain sites under consideration that pose certain and significant challenges to regulatory approval, the Carnival site does not. No

1 one can predict exactly how long
2 the permitting process will take.
3 We know that. An application who --
4 an applicant who has done his home-
5 work though, an applicant like
6 Carnival, can predict there will
7 not be any surprises. Carnival
8 can deliver the site as promised,
9 the project that's promised within
10 a time frame that it promises.
11 I now turn to Jack Rauen who will
12 discuss some financial issues.
13
14 JACK RAUEN: Good morning.
15 The core principal employed by
16 Carnival Hotels and Casinos in
17 preparing financial information
18 is to be straightforward and credible.
19 No pie in the sky projections, no
20 financial gimmicks. These are
21 principles that have served us
well in Louisiana, Canada and else-

1 where, they're principles that we
2 have employed in developing our
3 operating projections here for
4 Harrison County. We have studied
5 our market. We know it well.
6 Our core market in the first year
7 alone from zero to fifty range,
8 including Louisville, we expect to
9 deliver to our site two point
10 eight million gaming business.
11 Our secondary market, a hundred
12 miles out including Indianapolis
13 and Lawrenceburg. We expect to
14 deliver an additional half a million
15 visits, and our tourist market
16 beyond a hundred miles. We look
17 for an additional three hundred
18 thousand gaming visits, giving us
19 first year visits of three point
20 six million. At an average win
21 per visit of forty-nine dollars

1 this translates into a hundred and
2 seventy-six million in adjusted
3 gross receipts in the first year.
4 Now, these revenues won't just fall
5 into our laps. Significant finan-
6 cial outlays will be required.
7 Besides the matters such as bet
8 service, capital improvements, and
9 income taxes, our operating plan
10 provides for sixty million dollars
11 in year one gaming taxes and com-
12 munity incentives. Forty million
13 dollars for payroll for our two
14 thousand employees, and thirty-eight
15 million dollars in marketing costs
16 to provide a value oriented exper-
17 ience for our guests. Credible
18 financial projections, appropriate
19 size facility and capitalization,
20 in our opinion, equate to long term
21 financial stability for this pro-

1 ject. Now, much has been said
2 about the size of the various in-
3 vestment proposed for Harrison
4 County. This one is the biggest.
5 This one is the smallest. We've
6 been hearing this for months. In
7 our opinion, there are a number of
8 factors that need to be considered
9 when comparing the applications.
10 Steve Smith just mentioned that
11 some of our competitors will face
12 up to twenty-three million dollars
13 in additional site development
14 costs. Because of the damages to
15 our site we won't. Land is another
16 is another issue. We valued our
17 land at cost; three million dollars.
18 Some of our competitors have elected
19 to use arbitrary market values
20 creating up to a seventeen million
21 dollar difference in land values.

We could have elected to value our land at market; we didn't. On site boat construction provides forty-five million dollars in additional Indiana benefits above and beyond our competitors. All in all we think there is up to eighty-five million dollars of differences that should be considered when comparing the various Harrison County applications. We have provided information to that effect in your booklet and we ask you to give it your careful consideration.

ROBERT STURGES: Since we'd also like to deliver this presentation on time and on budget, I'd just like to let you know we've got just ten minutes left.

Financing has never been a

1 problem for a Carnival project.
2 Our most recent successes include
3 a hundred and fifty million dollars
4 being raised for our Casino .....
5 project, we were selected by the
6 Province of Ontario to develop the
7 first casino in the Toronto market,
8 in a very expensive competition,
9 and that casino will be opening
10 up in July of this year. We raised
11 our fifty-one million dollars for
12 the Casino Rouge project and
13 Carnival has raised over three
14 point three billion dollars for
15 shipbuilding over the past six
16 years. Our financing plans for
17 the Casino Jubilee are as follows:
18 Approximately thirty-five million
19 dollars in cash; fifteen million
20 dollars in lease financing; and
21 a hundred and five million dollars
in debt financing. Our friends at

1 Bayer Stearns with whom we have a
2 long history, have advised us
3 that raising a hundred and five
4 million dollars in project debt
5 for this project will be no pro-
6 blem whatsoever. We began our
7 presentation today with this phrase:
8 Carnival Delivers. And with this
9 list of special qualities that we
10 can bring to Indiana. I think we
11 talked about our unique approach
12 to the gaming business which is
13 backed up by the strength of our
14 marketing prowess. We not only
15 know how to put people on boats,
16 we know how to build them. I
17 hope that we've shown you that we
18 are also a company with a social
19 conscience. We talked about our
20 tremendous site that is the least
21 likely to run into problems during

1 this development. We have given
2 you numbers that are a product of
3 sharp pencils and conservatism
4 rather than rose-colored glasses.
5 We told you how this project would
6 be financed, something Carnival
7 has never failed to do for any of
8 its projects. We've also described
9 why we feel that the Carnival
10 family of companies produces and
11 sells your kind of fun. We sin-
12 cerely believe and we hope you
13 agree that you'll find that we're
14 your kind of company too. You
15 heard from our team today about
16 who we are and about what we in-
17 tend to do. Let's hear from some
18 others about how they feel about
19 Carnival and what sets us apart
20 from other companies in their
21 minds and in their hearts.

(VIDEO PRESENTATION)

"CARNIVAL DELIVERS"

Carnival means fun. Carnival means fun and relaxation. Carnival means entertainment. I don't have as much fun at other places as these kind of tours. Carnival to me means games, fun, family get-togethers, dancing and just having a good time. So I'm all for Carnival. You can look around and see the facilities and the people have just talked wonderful about it and they seem to enjoy coming here, they seem to enjoy the people here. I believe that Carnival offers a family environment through their employees, it is just like one big family here. Casino Rouge has been great for Baton Rouge. I think it's done a

1 lot for the City of Baton Rouge
2 as well as the jobs that it's pro-
3 vided for the people in Baton
4 Rouge.
5 When Carnival was selected
6 at the back in October, 1995,
7 there seemed to be jubilation about
8 the ship but in our community as
9 well as the surrounding community,
10 that a recognizable name in the
11 entertainment family field was
12 going to be a partner with this
13 community. So they were very, very
14 excited and very, very appeased
15 and I think a lot of people have
16 gone out of their way to find out
17 what exactly Carnival Hotels and
18 Casino Entertainment Corporation
19 stands for. And, really, when they
20 do their research they find out it
21 stands for goodness and wholesome

1 and fun and, you know, leadership
2 in the business environment.
3 "I've been to Carnival Resorts
4 so I have a little bit of back-
5 ground there so I know they're
6 always clean, they're first class,
7 their people are very enthusiastic
8 about what they do. They make you
9 feel good about being there, make
10 you feel good about going back.
11 They give you everything that you
12 could possibly want without asking.
13 We trust Carnival. We know that
14 this is your business and we know
15 that you know how to handle this.
16 And therefore it was very easy for
17 me as President of the Chamber to
18 get behind this and say: We are
19 going to be able to capitalize on
20 this wonderful thing. Leave the
21 logistics up to you. We know now

1 how to get the people here, what
2 we have to do is help get the people
3 to stay here, and that's exactly
4 what we intend to do."
5 "As a business man in Harrison
6 County and more specifically in
7 Corydon, Indiana, when I have
8 been to Carnival Entertainment
9 Industries, why I think of someone
10 that I've seen on television's
11 advertising and as far as I know
12 it has a lot of integrity and I
13 think it seems more like a family
14 oriented corporation than some of
15 the others you see advertised, and
16 I know I would enjoy going on
17 that Carnival Cruise Line. I've
18 been on one before but I think
19 that these are more the like family
20 type of entertainment and which I,
21 it would be hopeful that that could

match Harrison County and our type of lifestyle here that we've enjoyed if Carnival Entertainment did come to Corydon or Harrison County."

"It seems to me that if you're gonna do business with a company that reputation would be an important factor and I think that Carnival has that reputation from everything you've seen or heard, and family values are big down here in southern Indiana so I think that Carnival and southern Indiana are just gonna mesh real well."

Sunny weather, all together, we've got the fun.

(END OF VIDEO PRESENTATION)

SHERWOOD WEISER:

Ladies and gentlemen, over the next several days you're gonna be inundated with a tremendous amount of information and facts, so I think it's best if I'm going to lead this presentation today would just be to try to leave you with several thoughts about our project and particularly about our company.

First of all, we're not a Las Vegas Company and we're not a Nevada Company. That isn't to say that those companies don't do very well in their market, but we bring a different type of culture to gaming and we're just not a casino company; we truly are an entertainment company, we're a tourism company, we're a hotel company, and, yes, we're also a

1 gaming company. And we bring
2 that point of view, if you will,
3 to our gaming business.
4 The Carnival brand name is
5 as well known of a name in this
6 country today as coca-cola and I
7 think it's well thought of. And
8 the important part of that is
9 that we take this asset very
10 seriously. We only look to do
11 projects that will enhance that
12 name and will further the Carnival
13 image. And so, although profits
14 are very important to us as they
15 must be, it's not the most single
16 important part of our company.
17 But meeting and delivering our
18 commitments and enhancing the
19 Carnival name, that is extremely
20 important to us.
21 The Casino Jubilee project

1 really puts us on the line. It
2 puts the Carnival name on the
3 line. And it puts it on the line
4 in Harrison County. We really
5 cannot afford to fail if we get
6 this project. Many of our customers,
7 many of them come from this area,
8 they come from the heartland of
9 America, and we provide them with
10 a wholesome, well rounded enter-
11 tainment and resort experience.
12 Having been raised myself in the
13 midwest, I think I know firsthand
14 that the fabric and the very core
15 of values of this region, and I
16 think that we have essential and
17 compatibility with the heartland
18 of America and the Carnival fun
19 experience is one that I think each
20 and every one of us can understand.
21 I think Regis really said it much

1 better than I can say it. I've
2 been in this business for some
3 thirty-five years and I think one
4 observation that I'd like to make
5 for you, and I think it's fair
6 for me to make, and that is that
7 you have four capable companies
8 coming to Corydon. You have a
9 real chance, however, to make a
10 choice because they are different
11 companies and they choose and they
12 bring -- you choose and they bring
13 different products to you to choose
14 from.
15 I think lastly I'd like to
16 leave you with these thoughts:
17 If you think our land, if you
18 think our project, including our
19 amphitheatre and all of the other
20 facilities that you heard about
21 are best for the development, if

1 you think that our programs are
2 right for this area, if you like
3 our capabilities and you like our
4 values, if you like what we pre-
5 sented to our customers as part of
6 Carnival experience then we are
7 right for the -- we are the right
8 company, if you will, for Harrison
9 County and we're right for Indiana
10 and we ask you to select us for
11 that reason. I assure you of one
12 thing that if we are selected we
13 will fulfill to the letter every
14 promise and commitment that we
15 make to you. You can rely on this.
16 You can rely on Carnival to deliver
17 and I tell you we will make you
18 proud. Thank you very much.
19
20 (CONCLUSION OF CARNIVAL
21 PRESENTATION TO THE COMMITTEE)

ALAN KLINEMAN: Thank you, gentlemen.

We are now scheduled to have a break for lunch before we start the Q and A part of the final investigation. So we'll be back here about fifteen minutes past 1:00.

(LUNCH RECESS)

ALAN KLINEMAN: Good afternoon, gentlemen and lady. We'll start with the Q and A. Does someone like to kick it off? If not I'll ask a quick question. We heard some public comment about the quality of the jobs which would be created yesterday with the public comment. And your human resource people, of course, have

1 told us what they are going to do,
2 but we didn't receive any informa-
3 tion on the quality of the jobs
4 vis a vie the salary and benefits
5 and so forth that you would expect
6 to have realized at this project.
7 MR. STURGES: I'll refer
8 that question to Art Frank, he's
9 our Senior VP of Gaming Operations
10 in Miami and prior to coming to
11 the corporate office Art was the
12 General Manager of our Casino
13 Rouge project in Baton Rouge.
14 ART FRANK: Thank you.
15 Our compensation will average ap-
16 proximately twenty-one to twenty-
17 two thousand dollars per year per
18 employee; that's without benefits,
19 that is inclusive of tips. With
20 benefits you can add another five
21 to six thousand dollars a year.

1 Our benefit package will include
2 a full health plan that will also
3 include dental, vacations, sick
4 time, maternity leave, holiday pay,
5 401K plan as we have in Baton
6 Rouge. As we have in Baton Rouge,
7 we'll pay in line with industry
8 standards and actually in the
9 State of Louisiana we're actually
10 a little above the average.
11 MR. KLINEMAN: And what per-
12 centage of the twenty-one or two
13 would say is the tip portion of
14 it?
15 MR. FRANK: I'm not sure the
16 exact number but it's probably in
17 that ten - fifteen percent group.
18 It would be in the ten to fifteen
19 percent range.
20 MR. KLINEMAN: And would the
21 employees be required to pay any-

1 thing on their benefit package?
2 MR. FRANK: As in Baton Rouge
3 the health plan, I believe, is a
4 fifty/fifty split, that is correct
5 so the company does pay fifty
6 percent of the health package.
7 MR. KLINEMAN: And the rest
8 of the..
9 MR. FRANK: Life is free,
10 by the way, life insurance.
11 MR. KLINEMAN: Okay.
12
13 (INAUDIBLE)
14 MR. KLINEMAN: Questions?
15 ANN BOCHNOWSKI: You have
16 touched on this a little bit but
17 I would like to know more about
18 what your cruising path would be,
19 how far out from your site and
20 what the Kentucky line is, what
21 your plans in that regard are?

1 MR. STURGES: Well, let me
2 start off by saying it certainly
3 would be embarassing for Carnival
4 if you couldn't cruise, and we
5 had an -- as well as something we
6 don't take lightly is certainly
7 the statute which requires that
8 our site enable us to cruise, we're
9 very cognizant of that. About a
10 year ago our Vice President of
11 Marine Operations, Captain Joe
12 Jamison, visited this particular
13 site to let out a plan to be sure
14 that we were gonna be able to
15 cruise and stay within Indiana
16 waters, and we satisfied ourself
17 of that. I'd like to ask that
18 Steve Smith address the issue in
19 a little more detail and perhaps
20 Captain Joe may want to weigh in
21 with what he found when he did his

survey of our cruising, our proposed cruise route.

This is Steve Smith.

STEVE SMITH: The issue of cruising has to be, of course, within the location of Indiana and Kentucky boundary. It's closer to the bank in Harrison County than any other site that you all have had under consideration. It's not an easy line to find out since it's out there floating around in the water, but there is information available but it's a very detailed method of doing that. We did at our location through the Cordino group and we've got the maps to show it's about 195 feet outside of our boat and that's the key of, uh, can't really get away and move around.

We all understand the limitation on cruising that everybody is faced with.

ANN BOCHNOWSKI: When you say 195 feet, do you mean from the shore going this way or going longways?

STEVE SMITH: On the outside of the boat as it sits at the dock loading passengers.

ANN BOCHNOWSKI: Uh-huh.

STEVE SMITH: There is a hundred and -- we'll get the map for you. From the bank, from the existing bank prior to our cut out it's about 116 feet. Excuse me, prior to the cut out. And most of the people, most of the applicants here know that we have to cut out the bank in terms of putting the facility further in-

land and we have right now about an 85 foot cut out and so gonna follow from the bank, from the bank to the boat and then from the outside of the boat as exists we have about 65 to 85 feet then. So it gives you the ability to pull away from the bank and then move, you are cutting out a 1,000 feet upstream and downstream from our site, not including the marina as you saw on the drawing. Captain Joe, do you want to talk about the cruising pattern?

JOE JAMISON: Yes. How are you doing today. It is like Bob said, I come up approximately a year ago, looking over the site, having been up and down the Ohio River at periods of times. I am basically a fourth generation river rat. Been involved in the tow boat

1 inland river business but the site
2 as per se is what you say the
3 cruising take the boat to Louisville
4 and back and stuff is not condusive
5 to that in maintaining the Kentucky
6 boundary, but I feel confident in
7 what our plans and what we've,
8 through the help of Steve, have
9 analyzed that we need to do in
10 trying to meet the compliance of
11 the law in cruising. That effec-
12 tively what we're doing right now
13 today in the proposed plans we
14 can do that and do it safely.
15 And that's the important thing
16 that people coming down to that
17 boat, and know regardless of any-
18 thing, you know, we can do the
19 cruising bit on a safe manner.
20 MR. KLINEMAN: Captain,
21 would you identify yourself for the

record and would the other people who are going to respond try to identify themselves so we can make a complete record?

MR. JAMISON: Yes sir, it's Captain Joe Jamison, Vice President of Marine Operations Casino Rouge.

ANN BOCHNOWSKI: Can I follow up on that?

MR. KLINEMAN: Yes.

ANN BOCHNOWSKI: If for some reason we were able to, or somehow we were able to work things out with Kentucky would you then be interested in cruising much farther? Would that help you?

MR. JAMISON: Yes ma'am, that would help. You know, the responsibility of that master up there making that decision to take the boat out on every cruise with

that boat load of people and allowing his safety when it was going to expand and whether to make that decision or cruise or not, it would help it immensely.

THOMAS MILCAREK: I want to clarify that again because I heard a bunch of different numbers. Before you cut back in dredge from the acco real estate dirge of Indiana, that we have no dispute where that is. Do you know where the low water mark is from there?

MR. JAMISON: Yes. That's from that -- I mean the low water mark is the boundary. Okay.

MR. MILCAREK: Right.

MR. JAMISON: We know that exactly where that is on our site. We involved a guy by the name of Bill Christley who was the expert

1 hired by Indiana and Kentucky to
2 set the boundary line back after
3 the lawsuit. Bill Christley went
4 out and he worked with us to exactly
5 establish how far that point is from
6 a given point on the land, and you
7 don't use the point where the water --
8 you go back to a fixed point.
9 MR. MILCAREK: It keeps moving,
10 right.
11 MR. JAMISON: Right. And you
12 go back to a fixed point. And so
13 from that point we know that at nor-
14 mal pool, which is the other measure-
15 ment we use because that doesn't
16 change, we have varied between a
17 hundred and sixteen, a hundred and
18 eight, hundred and forty-four, a
19 hundred and thirty-eight up to a
20 hundred and sixty feet of existing
21 Indiana water. The boats are a hun-

dred and three feet wide. In addition to that we have cut back eighty-five feet to give us a margin of flexibility when the boat leaves the dock.

MR. MILCAREK: How far do you intend from one mile marker to what mile marker to cruise the boat?

MR. JAMISON: Our site extends from six twenty and a half, and a half mile upstream and downstream, we have three thirty-five hundred feet, and we will cruise strictly within our boundaries. It will not, uh, we might but we haven't measured and that starts making it a little iffy .....

MR. MILCAREK: So you're saying it's a half mile between the mile markers that you can go into...?

MR. JAMISON: And we think it is important that when Mr. Johnson

1 was looking at the sites, he knew
2 this was an issue. Obviously, he
3 didn't know exactly where a point
4 was on any given site, but he knew,
5 uh, we had to have a site that gave
6 us some flexibility to dig back
7 further if need be. You know, if
8 we do further work and we need to
9 cut back a little further we can do
10 that. We have the ability on the
11 site to cruise safely and satisfy
12 the requirements of the statutes.
13 MR. MILCAREK: What is the
14 patron capacity of your temporary
15 boat?
16 MR. STURGES: The decision we
17 made regarding our temporary vessel
18 was that hopefully upon the selection
19 by the Commission, that we would
20 finalize the deal on a temporary
21 vessel. The ship broker who for the

1 last fifteen years has arranged all
2 of Carnival ship building and also
3 helped us arrange the construction
4 of our permanent riverboat, has been
5 working on arranging for us to char-
6 ter a temporay vessel. As of yester-
7 day, he has advised us that there
8 are at least five vessels available
9 and we felt as a business matter that
10 we should finalize those arrangements
11 after we were selected and negotiate
12 the best deal. We are aiming to
13 have a temporary vessel that would
14 have anywhere from I would say a
15 minimum of fifteen hundred gaming
16 positions up to what we have in our
17 permanent vessel which is twenty-
18 three hundred, and there are five
19 boats that fit that category.
20 MR. VOWELS: This program you
21 have which would help high school

graduates go on and attend Indiana University, how much in dollars would this amount to average?

MR. STURGES: I'm sorry. Could you repeat that?

MR. VOWELS: Yes. Your scholarship fund to help high school graduates attend an Indiana University in this scholarship fund, what would be the approximate dollar per student value of this?

MR. STURGES: That is part of one of the programs that we want the Harrison County Civic Foundation to implement, and the way we've structured the Harrison County Civic Foundation where we've made an initial contribution of five million dollars and make ongoing contributions based upon revenue, is that we have one representative, Carnival

1 will have one representative on that
2 board and the rest of the board will
3 be comprised of four members selected
4 from the community and that five
5 member board will decide how the
6 dollars best be allocated because
7 our philosophy was that really the
8 local folk are the people who really
9 know where the needs are the greatest.
10 We've set an agenda which we think
11 addresses what we see as some of the
12 needs in the local community and in
13 the State of Indiana, but it really
14 in the final analysis it will be the
15 judgment of a five-member board that
16 would decide how much to allocate to
17 each of those programs.
18 MR. VOWELS: And the initial
19 ..... that you plan?
20 MR. STURGES: Yes, five million
21 dollars.

MR. VOWELS: Okay. One other question here. How did you receive the endorsement of the NAACP? Was that done by a panel, a group of people, how did you achieve that?

MR. STURGES: The NAACP and ourselves began a discussion a few months ago. We wanted to respond to the goals of their organization. They provided us with a fair share agreement which they felt would be achievable and realistic goals for any casino company that wanted the business in the State of Indiana. We reviewed their fair share agreement, after some further discussions we agreed to what they had requested. Essentially what we've agreed to is that we would create a minority employment compliance officer who would assure that we met our minority hiring goals. On the vendor side, there

1 would be a minority vendor compliance
2 officer which would do the same. We
3 additionally agreed to create a mino-
4 rity advisory committee which is
5 something that we just didn't invent
6 for this deal but this is something
7 that we created in Baton Rouge. I
8 might add it was done without any
9 government agency telling us we had
10 to. We felt it was the right thing
11 to do. Comprised representatives in
12 minority community to help also ad-
13 vise us and oversee all of our affir-
14 mative action programs. Additionally,
15 we have agreed to provide a hundred
16 and fifty thousand dollars annually
17 for the State NAACP for their use
18 and in furthering their efforts to
19 assure that the minority community
20 has a stake in the commerce in the
21 State of Indiana.

1 MR. VOWELS: Were the other
2 applicants given the same opportunity
3 or, I mean endorsement is a pretty
4 strong word, over a certain .....
5 I was wondering whether a committee
6 would be appointed or.....?
7 MR. STURGES: I honestly don't
8 know. I really don't know if other
9 companies would talk to -- I can
10 only assume.
11 MR. DOUG BROWN: I might add
12 here, if I might, I'm Doug Brown
13 representing Carnival as Indiana
14 Counsel. We've been actually work-
15 ing with the NAACP for a couple of
16 years on this project concerning what
17 their needs were, concerning what
18 our needs were. I think one of the
19 substantial factors in the endorse-
20 ment was the tremendous results
21 that we've had in Baton Rouge. It

1 was also we were very proud of them
2 and that they were very impressed
3 with. Franklin Brent was the, has
4 been the President of NAACP State-
5 wide for now twenty years. Anybody
6 certainly could have approached them
7 and, you know, talked about a pro-
8 gram like we've entered into with
9 them. It's my understanding that
10 did not occur. We're the only ones
11 that approached them. And we worked
12 out an arrangement, and we're very
13 pleased to have them.
14 MR. MILCAREK: Could you cover
15 some of the types of local vendor
16 programs you would have such as what
17 services to the women and the minori-
18 ties provide? What do you do? What
19 do you tell them, that you're gonna
20 provide linen or cleaning services?
21 How do you start by telling people,

1 how would people find out what you
2 have to offer and what would some
3 of those things be?
4 LESTER POURCIAU: I thought there
5 was a booklet that you have in your
6 books that talked about some of the
7 things in the program. We go out
8 and actively search out, we make a
9 list that's in this brochure. We go
10 out from this list --
11 MR, KLINEMAN: Would you iden-
12 tify yourself please?
13 MR. POURCIAU: I'm Lester
14 Pourciau, I'm President of Human
15 Resources at Casino Rouge. Through
16 local minority business organizations
17 we go out with this list and try to
18 help develop companies, we have gone
19 in and tried to work with them with
20 pricing, also tried to work with
21 minority companies on better suppliers

1 to get their prices down.

2 MR. MILCAREK: And is this your

3 program at Baton Rouge?

4 MR. POURCIAU: Yes, it is.

5 MR. MILCAREK: Give me an

6 example of a few of the companies

7 that you have done this with, what

8 services they're providing?

9 MR. POURCIAU: We do it through

10 local companies. Our cleaning ser-

11 vice is a company that we do it with.

12 We provided, uh, Art Frank met with

13 a company that provided the cups in

14 our slide area, their prices were

15 too high. Art went out and found a

16 supplier to supply that company with

17 a cheaper cup. They put their logo

18 on the front and sold it. We do

19 that with almost everything. I can

20 name every single vendor we do that

21 with.

1 MR. MILCAREK: Do you have more
2 than just cups and cleaning?
3 MR. POURCIAU: Oh, yeah, we
4 have everything. We did a lot of it
5 with the building of the project.
6 We did that though I think we had
7 a goal of ten percent and it wasn't
8 much over that in our building budget.
9 We went out and found and hired the
10 companies in the community and worked
11 with them, especially on pricing,
12 that was the big area, worked with
13 them to get their prices in line so
14 that they would bid.
15 MR. STURGES: I might add to
16 that: That this minority advisory
17 council that we have established in
18 Baton Rouge as well as what we are
19 planning for here, is very helpful
20 in this regard because they are re-
21 presentatives in the business com-

1 munity that are a conduit of infor-
2 mation about what's needed by Casino
3 Rouge and they are part of the out-
4 reach into those communities to make
5 sure that qualified businesses have
6 the opportunity to become involved.
7 MR. ART FRANK: I'll just add
8 a couple more specifics to it as far
9 as goods and services, we purchase
10 our marine fuel through a minority
11 company, we purchase our uniforms
12 through a minority company and some
13 of our food comes from a minority
14 company as well.
15 MR. MILCAREK: One other and
16 then I'll stop. The admission, six
17 dollar admission, do you feel
18 comfortable with that? I mean it's
19 among the highest..
20 MR. STURGES: In all honesty,
21 Commissioner, the admission fee will

1 be what the market can bear. We in
2 Baton Rouge had originally planned
3 to charge a admission fee -- of course
4 that admission fee has also got to
5 respond to the market which means you
6 don't charge Monday mornings at 10:00
7 A.M. what you would charge, if any-
8 thing, what you would charge Saturday
9 night, but we found that by the time
10 we got ready to open, mostly
11 because of the influence of all the
12 Mississippi operations, that it was
13 no longer feasible for us to consider
14 charging an admission. Additionally,
15 even if an admission is charged, it
16 is quite often something that is
17 compt back to frequent customers,
18 and so as a result there's not neces-
19 sarily any out-of-pocket expenditure
20 for, you know, your best customers.
21 It's almost impossible right now to

say exactly what the program is. We've got to see what the competitive position is at the time we open and make a judgment at that time, but at the present, things stay the same, we would be charging an admission noted in our submission. We'd flex it according to the time and date.

MR. MILCAREK: Back to the situation with reference to minority hiring, what we heard from the county was one percent minority here in Harrison County. What do you intend to do? Do you intend to hold job fairs outside of the county? When to meet, what numbers you would select.....?

MR. STURGES: Yes, we do, and I think it's important also to maintain the principle that the overriding policy of the Indiana Gaming

1 Act as we see it and as we would
2 implement it, is that it's Hoosiers
3 first and that Indiana residents are
4 the first and foremost goal for our
5 project to make sure they receive
6 the benefits of this project. Within
7 that framework, we have set specific
8 targets, I'm not sure precisely what
9 the percentages are, but we have tar-
10 gets for minority hiring within that
11 overall framework of Indiana residents
12 first.
13 MR. MILCAREK: Along that same
14 line, building the boat on site,
15 there was discussion about the south-
16 ern Indiana building trades and the
17 Boilermakers Local 374; is that a
18 local? I mean is that going to be
19 a union hall out of this area? Mr.
20 Maday, I believe was here to speak
21 to us yesterday and I remember seeing

him during the hearings at the doors. He is from Northwestern Indiana. Are they actually going to be from down here or are they gonna be shipped in from the north or what?

PAUL MADAY: No. They -- my name is Paul Maday, I'm Assistant Business Manager with Boilermakers. No, our local union encompasses the whole State of Indiana. Our hall is located in Hammond, Indiana, but our State is divided into three zones. We've got about, I'd say forty percent, and that's a conservative number of our membership is from southern Indiana.

MR. MILCAREK: And how do you define southern Indiana? Are we talking south of Indianapolis?

MR. MADAY: Yeah, I would -- Zone 2 - Zone 1 would go like as far

1 south as Lafayette. Zone 2 would go
2 from Lafayette to south of Indiana-
3 polis and then Zone 3 from there
4 down to Tell City.
5 MR. MILCAREK: Are there gonna
6 be sufficient people in this area,
7 or are you gonna have to bring people
8 in from outside..?
9 MR. MADAY: Well, we've got
10 about a dozen of our members right
11 here from southern Indiana sitting
12 right in the back over here. You
13 guys want to stand up and identify,
14 show yourselves.
15 MR. MILCAREK: Okay. Well, we
16 say southern Indiana and that could
17 be Mt. Vernon or that could be
18 Lawrenceburg. I mean..
19 MR. MADAY: Yeah, we have, well,
20 we have quite a few members that
21 live, uh, from Perry County all the

way to the east in Zone 3 here, and like I say, about I would say approximately forty percent of our total membership lives in southern Indiana which would be say I'm gonna go south of Indianapolis to the Ohio River.

MR. MILCAREK: Well, will there be concentration on trying to get the people who are of your union and in this specific area?

MR. MADAY: Uh-huh.

MR. MILCAREK: Are there... be able to do it. If there's gonna a be a boat on site I'd like to see the ripple effect here in Harrison County. I mean is there gonna be a concentration in that regard?

MR. MADAY: Oh, yes. As a matter of fact, when this job will be dispatched, it will be dispatched

1 primarily from the Zone 3 out of
2 work list. And like I say, those
3 are people, our members, that live
4 from Perry County all the way to
5 the east. What we do in certain cir-
6 cumstances is like right now we
7 presently have a lot of the members
8 that are from southern Indiana work-
9 ing up in Zone 1 because of all the
10 work that's going on presently at
11 the steel mills. When that finishes
12 up these members come back down here
13 and it affords a bigger pool of em-
14 ployees by having our local union
15 cover the entire State of Indiana.
16 But, primarily, it will be dispatched
17 from this Zone 3 list.
18 MR. SUNDWICK: Do you have --
19 how many people are in the union,
20 local union?
21 MR. MADAY: We have presently

1 local members in 374 approximately
2 nine hundred and sixty.
3 MR. SUNDWICK: How many are
4 employed today?
5 MR. MADAY: Today, I would say
6 over eight hundred.
7 MR. SUNDWICK: So, somebody
8 made the comment that we had three
9 hundred union Boilermakers; is that
10 right?
11 MR. MADAY: Uh-huh.
12 MR. SUNDWICK: Three fifty-two.
13 I've got three hundred. But then--
14 MR. BRIAN GELKE: This is
15 Brian Gelke with CBI. There will
16 be three hundred workers on the pro-
17 ject. They're all Boilermakers.
18 About half of the project is con-
19 structed by the Boilermakers. They
20 do the steel work and then you've
21 got electricians, carpenters, all

1 the other duties, trades and Indiana
2 southern building trade.
3 MR. SUNDWICK: Are they all gonna
4 be union?
5 MR. GELKE: That is our inten-
6 tion to build the boat union, we hire
7 union contracts.
8 MR. SUNDWICK: So, we got a
9 hundred, what a hundred and fifty
10 then out of work. A hundred out of
11 work and we need a hundred and fifty
12 and they're gonna all have to come
13 to southern Indiana?
14 MR. GELKE: Well, let's -- can
15 you put up the chart? It may be a
16 little easier to look at the chart.
17 There will be at its peak employment
18 that many members on the project.
19 When the charts move up we'll be
20 able to see.
21 MR. SUNDWICK: So you can under-

stand, what we're trying to get to is how do we get three hundred people on from what we've gleamed out of your presentation, how do we do this? It doesn't make sense to us how you could do this.

MR. GELKE: What we will do is similar to what we did in Elgin. Elgin is the local one which is the Chicago area, a hundred and fifty members. On that project we have about a hundred and fifty members. We draw from the local area much as we can and then they bring in what they consider boomers either from within the state or from the upper north of the state. It's a little hard to see there the different colors. In the beginning there you can see at the bottom there's blue and that's the man loading for the

boilermaker craft and then later on down the project you can start to bring in the other crafts, the electricians, the carpenters, the finishers and the people like that.

MR. SUNDWICK: So really what's gonna happen, we're gonna, before we're gonna have to import some people into the community is boilermakers to get this project done? Is that right?

MR. GELKE: I think that is pretty safe to say.

MR. SUNDWICK: And what we're gonna, then the balance is gonna have to be local people; that's what you are saying?

MR. GELKE: Yes.

MR. SUNDWICK: And that's why you want to build it on site, that's what you're telling us that

you are wanting to build it on site because you want to use local folks?

MR. GELKE: Yes. What we will do is we will be able to hire local folks in the beginning of the project. Once we start wrapping up there will be probably about a five to six week period when outside people will have to be hired to meet the manpower loading that we're gonna require. Of course, it's gonna depend on what other work the boilermakers have in the state on what the actual mix is on the project.

MR. SUNDWICK: Do you know what the unemployment rate is in this county?

MR. GELKE: I think it's about twelve point nine percent.

MR. SUNDWICK: How many people is that, do you know?

MR. GELKE: I am not sure exactly how many that is for this town but not a lot.

MR. MADAY: I just wanted to add that one of the reasons that we really want to get this boat built on site in using the boilermakers from down south here was because on a lot of occasions these men have to go up north to work in the steel mills to find work, and that they don't have the base as much as we do up north. By having this built locally, it would afford these men to stay home and work out of their back yards so to speak, without having to boom up to a different area to find work.

MR. SUNDWICK: One last question: Are all your local all Indiana residents?

1 MR. MADAY: I would say that
2 ninety percent at least are. We
3 have a few that live maybe over the
4 border in Ohio or Illinois or
5 Kentucky, but the vast majority of
6 our members, yes, they live in local
7 374 jurisdiction Indiana.
8 MR. STURGES: Commissioner
9 Sundwick, I'm wondering if it might
10 be appropriate, our slide made the
11 statement on that we anticipated ad-
12 ditional economic benefit to the
13 State of Indiana of some forty-five
14 million dollars as a result of build-
15 ing the boat on site. I think it
16 may be important, we're talking about
17 one element of that is labor issue,
18 but Crowe Chisic developed a number
19 for us as to what the benefit would
20 be to the State and how it all aggre-
21 gates, and what I think the over-

riding point here is what we're saying is I think we're making a gesture that's gonna do a lot more for the State of Indiana than building a boat in Louisiana and floating it, you know, floating it to the site. There may be some labor availability issues and by the time we're building the boat that labor market could change. There may be three hundred people who need a job at that point. We can't be sure of some of the analysis but there are some important points that I think the Crowe Chisic analysis shows about an on site construction that with the Commission's indulgence, I think it might be helpful for them to summarize for you how they arrived at that number.

MR. MATT ROUTH: Ladies and gentlemen, my name is Matt Routh.

I'm with Crowe Chisic. It's nice to see you again. We've been commissioned to analyze the economic impact of producing the boat on site. As part of that process we use the Rens model which I know you're familiar with now because it's the same model that the Spier Report has used for calculating economic impact. In conjunction with CBI, which conducted their own independent study with their own independent consultant on the economic impact of the Elgin boat. We used their number of roughly seventy percent local economic impact from the spin off for the total economic impact from producing the Elgin boat on site. We saw that as a reasonable number for the Indiana number as well, and when we ran through our multiplier, it's discount-

1 ed by seventy percent, etcetera,
2 etcetera, uh, came up with a number
3 for the economic impact of approxi-
4 mately forty-five, forty-six million
5 dollars from building the boat on
6 site in Indiana.
7 ANN BOCHNOWSKI: Instead of all
8 that, when I read the Spier Report
9 I skip through that explanation.
10 MR. ROUTH: Don't say that,
11 they won't hire me again.
12 ANN BOCHNOWSKI: You know, what
13 specifically besides wages, hotel
14 rooms, restaurants?
15 MR. ROUTH: Right. It's hotel
16 rooms, it's restaurants, it's if,
17 for example, people did have to come
18 in from Evansville because there
19 aren't Boilermakers in the region
20 with the specific skill, pipefitters,
21 etcetera, perhaps there aren't pipe-

1 fitters in Harrison County who can
2 day commute. Perhaps they have to
3 get an extended stay room at the
4 Budgetel or somewhere, then the
5 Budgetel obviously has to hire people
6 and so on and so on. You know, it
7 is the whole ripple effect then.
8 So, yes, that is all included in our
9 economic impact number.
10 ANN BOCHNOWSKI: Material?
11 MR. ROUTH: Materials, of
12 course. And here in Indiana, we've
13 got Cummins just up I-65 which pro-
14 duces very large engines for very big
15 ships, and certainly the ripple ef-
16 fect extends that far, perhaps up
17 to Gary to produce the steel and so
18 on. There are literally, the econo-
19 mic number is a global number because
20 there are no--
21 ANN BOCHNOWSKI: I'm sure you

are not promising us that you are gonna buy Indiana steel..?

MR. ROUTH: I can't promise anything. I can't promise anything, but what I can do, what I can try to do is explain to you that the economic impact number is a global number and what we've tried to do is distill it down to the Indiana basis.

BRIAN GELKE: I'm Brian Gelke from CBI and we buy approximately eleven million dollars worth of steel from Bethlehem alone up in northwest Indiana. That is the primary supplier in this area are the mills there and we can guarantee that it will be all Indiana steel.

MR. ROUTH: If I might add as well to, with the I believe one of the concerns of Mr. Sundwick and Mr. Vowels' concern related to local hir-

ing, we are obligated under the terms of our development agreement with the county to give first preference to county hirings and then second preference to surrounding counties. So we will be legally obligated to do that to the extent it's possible.

MR. SUNDWICK: Mr. Vowels wants to know if we're gonna commit to Cummins Engine?

MS. BOCHNOWSKI: We're all gonna get our little piece of the pie.

MR. VOWELS: One question I have if you're gonna build it on site I assume it will be on land that you own there down at the river, right?

MR. ROUTH: Right.

MR. VOWELS: How does that impact on the time frame, developing your temporary facility and your per-

manent facility if you're gonna have this big boat being built and I assume the same way; won't that slow it down?

MR. STEVE SMITH: The big advantage we have there is they have a hundred and fifty acres in an ideal site. As you will see when they pull up the slide, it's actually in an area they don't plan on developing right away, and an extra thirty-five acres. So basically our impact on the temporary facility and building the permanent facility will be basically non-existent other than any traffic flows of people coming to the site. Over on the southwest corner on the lefthand side of the screen is the area where we will build the boat, and we're showing about six and a half acres of that

that we'll actually use.

MR. VOWELS: All right. So it won't make any difference in that?

MR. SMITH: Right.

MR. THAR: May I ask a follow-up?

MR. VOWELS: Go ahead.

MR. THAR: Mr. Smith, what are the Corps permitting issues that are impacted by building the boat on site? Do you have a separate permit or that slow down long enough, permanent permit or what are the issues regarding that?

MR. SMITH: We will have to get a temporary permit for the actual launch of the boat. That will be the only time that any activity that's below the ordinary high water mark requires a permit. We are at the present, as I have said, conduct-

ing a archeological survey on the whole tract, the whole hundred and fifty acres. As soon as that's completed, as Doug Shelton has explained in the past, there are certain allowances that the Corps allows to go ahead and do certain types of construction, types of things they need to do to build the boat on site can begin after the archeological sign-off has been done as the Corps calls it. So, yes, they cannot start the day you issue us a certificate of suitability. Depending on the weather, if it ever clears, the archeology will be completed, we'll get that process done we're estimating two to three months following the certificate of suitability, all the archeology things will be done and we can start building the boat on

site. So there are some interfacing between the activities, yes.

MS. BOCHNOWSKI: Yeah, that does, that's a good point. For example, down in Rising Sun, we had problems with just, I mean all they put up was like a little trailer or something, and you're -- are you talking about starting to build before you actually get your Army Corps Permit?

MR. GELKE: They started before they had received archeological surveys.

MS. BOCHNOWSKI: That was the problem?

MR. GELKE: That's the problem, they run in and also Lawrenceburg, same type situation.

MS. BOCHNOWSKI: Okay.

MR. GELKE: That's gotta be completed before you do anything on

1 the site.

2 MR. KLINEMAN: Mr. Smith, you

3 said that you don't anticipate any

4 surprises in your Corps application

5 and review, but you didn't tell me

6 there were no problems.

7 MR. SMITH: There's always

8 problems.

9 MR. KLINEMAN: Do you want to

10 enumerate the problems that you

11 assume aren't gonna surprise you?

12 MR. SMITH: Well, no, good

13 observation. That word, of course,

14 was carefully selected. No, the

15 surprises you have are if you haven't

16 done your work in advance, and you

17 start on down the road, you receive

18 the certificate of suitability and

19 then you find out you've gotta go

20 through the process that Rising Sun

21 is doing on the Rabbit Hash General

1 Store across in Kentucky. We have
2 already....has looked at everything,
3 we don't have those kinds of things
4 gonna pop up later. The cultural
5 resources are exactly what you would
6 expect to find along the river, you
7 are gonna find some artifacts of
8 Indians and also other three or
9 four kinds in those kinds. That's
10 all in the mix, in the process, so
11 this site to the best anybody can
12 look at, we're not gonna have any
13 surprises. But, yes, there are a
14 lot of things that are gonna have
15 to start the day we get the certifi-
16 cate of suitability. Wetlands, we
17 don't have a problem with wetlands.
18 That, again even if we did, if you
19 already know about them and already
20 are doing your work and spending the
21 dollars, you can take care of that

in a, uh, the six month period that Doug Shelton is gonna tell you -- six to nine I think is his favorite phrase -- and/or June of what year is his new favorite phrase. But, essentially that's because you haven't done your homework in advance and you get caught. And so right now, no, there are no surprises that we are keeping in our back log.

MR. JACK RAUEN: I think if I could add to that, also one of the things we'd like about our site being a hundred and fifty acres with thirty-five hundred feet of river frontage is that we have some flexibility in terms of the use of portions of the site and if things, you know, do evolve a certain way, not to our satisfaction we've got some flexibility. Not that we expect to have to use it but it's sure

1 nice to have a site of this magnitude
2 in the event something does arise.
3 MR. SUNDWICK: I've got one
4 I'd like to ask. It's a change.
5 In your original proposal you pro-
6 posed a hundred room hotel, and I
7 heard today it was to two hundred
8 room hotel in phase I and then five
9 hundred rooms in phase II. All right.
10 Could we have somebody explain the
11 changes and how do we get to two
12 hundred to five hundred, and is this
13 for sure, or could be?
14 MR. RAUEN: Right. One thing
15 we want to be clear about and I think
16 our submission says explicitly that
17 the commitment that we are making
18 is a two-hundred room hotel. We have
19 designed our site in a way to accommo-
20 date up to five hundred rooms and
21 our business plan is that we will

1 build additional rooms when we be-
2 come satisfied that the demand is
3 strong enough to handle a five-
4 hundred room facility. And, frankly,
5 at this point we have doubts about
6 whether the demand would be there
7 for a facility of that size.
8 MR. SUNDWICK: So the commit-
9 ment is two hundred rooms?
10 MR. RAUEN: That's correct.
11 MR. SUNDWICK: And it's not
12 in this book?
13 MS. BOCHNOWSKI: Yes, it is.
14 MR. RAUEN: Yes, it's two
15 hundred rooms and in our project bud-
16 get of a hundred and fifty million,
17 that the cost is built into that for
18 a two hundred room resort, not the
19 five hundred.
20 MR. KLINEMAN: What were some
21 of your projections on the number of

1 patrons and had the phrase:
2 destination patrons, and you have to
3 have some place to house the destina-
4 tion patrons. Is there any conflict
5 between those figures and your two
6 hundred room facility?
7 MR. JACK RAUEN: I'm Senior
8 Vice President of Finance for Carnival.
9 With the two hundred room hotel we
10 have about fifty-one thousand annual
11 room nights and our furthest markets
12 are about three hundred thousand in
13 total in our projection of three
14 point six million. So we had fifty-
15 one thousand available room nights
16 for three hundred thousand visitors,
17 and, you know, from a market stand-
18 point we think that works.
19 MR. KLINEMAN: And what quality
20 of motel are you talking about? You
21 were using the phrase that you have

all of these grades and facilities.

MR. RAUEN: I'm gonna ask our marketing..

MR. GEORGE BRENNAN: I'm George Brennan, Senior Vice President of Marketing. This will be a full service hotel with pool and tennis courts and all of the amenities that you'd expect to find in a full service hotel with the ability to not only entertain individual guests but if they, those groups who'd like to conduct meetings and conferences as well.

MR. KLINEMAN: Yes, how many star hotel, my fellow commissioner? One, two?

MR. BRENNAN: Well, we'll have to earn the stars, but we see this as the rest of our product as a design for the mid market that will be

1 in the three to four-star range.
2 MR. SWAN: Let me change hats
3 for just a second. Looking at the
4 ownership of the organization and
5 we have a twenty percent owner called
6 Hoosier Gaming, who it appears to
7 bring no equity to the table. I'm
8 not sure if I understand that right,
9 but I'd like to know more about the
10 partner or the partners of that
11 entity and what they're bringing to
12 the table.
13 MR. JOHN JOHNSTON: My name
14 is John Johnston, President at Mount
15 Albany Gaming. The twenty percent
16 which has been in my mind committed
17 to Indiana residents, which in our
18 mind also is probably one of the
19 greatest economic tools you can do
20 as far as reinvestment, etcetera, at
21 letting Indiana residents share in

1 twenty percent of the profits of
2 this riverboat. To date six and a
3 half percent of the gross amount has
4 been committed to and the other thir-
5 teen and a half percent is outstand-
6 ing. The six and a half percent is
7 going to three individuals who have
8 been working with us for over three
9 years. I have been going to your
10 hearings ever since Gary. I was
11 carefully watched how you all would
12 like that to be handled, and your
13 judgment on that, on those matters
14 as well as our judgment meshed very
15 well. The six and a half percent under
16 your categorization would be sweat
17 equity. It's going to three indivi-
18 duals who have put in literally
19 thousands of hours on this project,
20 they have provided time and services
21 and their loyalty and commitment to

1 this and as a result of showing our
2 loyalty to them and we're going to
3 return that favor for the ownership
4 interest. The other thirteen and a
5 half percent has not been committed.
6 There is no search being conducted
7 for those ownership interests because
8 once we made our filing we did not
9 want a moving target as far as owner-
10 ship, who, when. We will guarantee
11 that that we will conduct that search
12 for individuals of all race and gender
13 and age at a time when and if we
14 were licensed. Those shares would
15 be purchased at that point. The re-
16 maining thirteen and a half percent.
17 MR. SWAN: Which three are re-
18 maining? I've got a list here of
19 several people, I'm not sure who is
20 really in the group and who is not.
21 MR. JOHNSTON: Doug Brown of

1 Stewart and Irwin law firm is in the
2 six and a half percent. He has two
3 percent. Nick Stein who's here
4 with us today. And Fred Purpuhl
5 has two and a half percent. He is
6 with the Cordino Engineering Group.
7 MS. BOCHNOWSKI: Have they provided
8 services for this?
9 MR. JOHNSTON: Yes.
10 MR. KLINEMAN: The thirteen
11 and a half percent that you are going
12 to search out, these people would
13 make an investment to be set by the
14 group at a fixed price and that money
15 would flow as equity into the pro-
16 ject? I mean there's no middle man
17 here who would be taking part of the
18 money that the people would be putting
19 up and then part of it would go to
20 the entity? Would all of it go to
21 the entity as equity?

1 MR. JOHNSTON: Yes, it would.
2 And I repeat again it is committed,
3 it's not going to be absorbed into
4 Carnival Hotels and Casinos or myself,
5 it's for Indiana residents and those
6 shares maintain full voting power,
7 they're represented on the Board of
8 Directors, Hoosier Gaming is, and it
9 will be, it will flow into as equity.
10 MS. BOCHNOWSKI: Which board
11 of directors? Just for this project,
12 right?
13 MR. JOHNSTON: Just to make
14 sure that we're clear on that point,
15 the thirty-five million dollar cash
16 equity number that you saw during
17 our presentation has no relationship
18 to this thirteen and a half percent.
19 That is not a source of the thirty-
20 five million dollars.
21 MR. SUNDWICK: Well, what is

1 the thirty-five million dollars?

2 MR. STURGES: The thirty-five

3 million dollars is a letter in our

4 submission which has indicated

5 Carnival Corporation will fund up to

6 twenty-five percent of the project

7 costs, and the Johnston family is

8 also making their pro rata contribu-

9 tion to the equity.

10 MR. SUNDWICK: What would that

11 be?

12 MR. STURGES: Well, it's...

13 MR. JOHNSTON: Thirteen million

14 dollars.

15 MR. SUNDWICK: Is the new --

16 excuse me -- is the new, I think you,

17 are you president of New Albany, is

18 that what this is?

19 MR. JOHNSTON: Why don't you

20 explain that part, how did you get

21 involved in this?

1 MR. JOHNSTON: Well, that's a
2 longer story but it all started out,
3 my roots come from our businesses in
4 real estate development, horse racing,
5 and greyhound racing in Chicago and
6 Florida. Illinois was the second
7 state in the country to pass river-
8 boat legislation back in 1990-1991.
9 Partners of ours were involved in
10 riverboat operations within Illinois.
11 Several of them, the Empress and
12 the organization in Casino Queen.
13 It peeked my interest to getting in-
14 volved with generally being in the
15 gambling industry and getting involved
16 more in the gaming industry. We were
17 in Indiana before the legislation
18 was even passed involved in the river-
19 boat effort. Subsequently came to
20 this region. Originally initiated
21 in New Albany, Floyd County. That

effort failed in November of 1993. We then the following morning came to Harrison County and established our roots here and have been here since.

MR. SUNDWICK: So the thirty percent that's owned by New Albany is really not an Indiana ownership at all, is it?

MR. JOHNSTON: No. There's twenty percent Indiana ownership and that's Hoosier Gaming.

MR. SUNDWICK: And let me tell you this rate. Six percent of that is sweat equity?

MR. JOHNSTON: Yes sir.

MR. SUNDWICK: Fifteen..

MR. JOHNSTON: Six percent of the gross.

MR. SUNDWICK: And I see Mr. Rauen every place, I'll agree you have

1 the, the sweat equity is probably
2 there 'cause he's been to everything
3 I've ever seen him. We've made him
4 sweat a couple of times. Who are the
5 other two?
6 MR. JOHNSTON: The other two
7 are Nick Stein -- he's an attorney
8 from New Albany, Indiana. He's been
9 working on this project around July
10 1993, the week after legislation
11 passed.
12 MR. SUNDWICK: Wait a minute.
13 I've seen Mr. Stein some place else.
14 MR. JOHNSTON: Switzerland
15 County.
16 MS. BOCHNOWSKI: Switzerland
17 County. He was on the.....
18 MR. SUNDWICK: Well, didn't
19 you have some interest in Switzerland
20 County?
21 MR. NICK STEIN: Yes, I did
and my partner left us about a year
ago and.....inaudible.

MR. SUNDWICK: Well, didn't you stand in front of us and ask us to just only have one applicant, Switzerland County?

MR. STEIN: No, we asked you to keep it to the two applicants.

MR. SUNDWICK: Two applicants. Okay. I remember now. I'm just trying to remember. But I know I'd seen you and I didn't know what context.

MR. STEIN: I want you to recognize my sweat equity too..so..

MR. SUNDWICK: I just wondered who it was for. Sir, that wasn't really meant as an offhanded comment, I apologize.

MR. STEIN: It wasn't taken that way.

MR. JOHNSTON: The third gentleman you had asked about was

1 Fred Perpuhl. He's been working with
2 us for over a year. As you know
3 these, uh, what I brought to the
4 table was putting the group together,
5 locating the land, getting the re-
6 ferendum passed in Harrison County
7 in conjunction with another applicant.
8 Those are the type things that my
9 part of the deal was. But as you
10 know these, in my partaking in my
11 end of the deal we had to analyze
12 all of the sites available and their
13 engineering feats as you now well
14 know and as we've seen some of these
15 since Gary these applications, an
16 engineering firm and the person
17 specifically who worked with me closely
18 on this is Steve Smith and Fred
19 Perpuhl. Fred Perpuhl is Executive
20 Vice President of the Cordino Group
21 who has four offices, ironically

1 enough in Miami, Fort Lauderdale,
2 Louisville, and Indianapolis. So it
3 fit perfect on their group's ability
4 to work with both Carnival and myself
5 in the homework as Steve said making
6 sure this is not only a project we
7 can do but a project that can be
8 done.
9 MR. SUNDWICK: Thank you.
10 MR. VOWELS: Part of that owner-
11 ship of Hoosier Gaming are the same
12 as TN and TS LLC?
13 MR. JOHNSTON: Yes.
14 MR. VOWELS: Which are two per-
15 cent of the applicant; that's ten
16 local attorneys; is that right?
17 MR. JOHNSTON: Those are part-
18 ners in Doug Brown's law firm,
19 Stewart and Irwin.
20 MR. VOWELS: Local always seems
21 to be an interesting concept.

1 Local as in western hemisphere. Is
2 it all people out of Indy?
3 DOUG BROWN: Commissioner
4 Vowels, that is me and my partners,
5 yes, we all live in Indianapolis.
6 MR. SUNDWICK: Local around
7 here can also be Louisville, right?
8 MR. KLINEMAN: We have ques-
9 tioned the county about the emergency
10 response programs. Would somebody
11 like to tell us what this group in-
12 tends to do with respect to emergency
13 response and beefing up the local
14 teams and so forth?
15 MR. STURGES: Well, let me
16 start off generally by observing
17 that we really felt that we needed
18 to take the lead of the local task
19 force on this point. It appeared
20 the approach being taken was to wait
21 until one applicant was selected and

then get down to the brass tacks of deciding precisely what needs to be done. And we followed their lead in that regard. I mean I think it is safe to say that Carnival is a responsible company that is gonna make sure that the safety of our patrons is protected to the utmost. I can gell you that we have agreed in principal with the development agreement. We don't have any problems with the concept of, uh, the concepts expressed in there. Even the development agreement doesn't get down to the nitty gritty question of how many fire engines and how many more squad cars and that is not covered in the development agreements. I don't want to mislead the Commission in that regard. There's still discussions that have to be undertaken

1 and agreements reached with the local
2 folk in Harrison County, and we have
3 not had those detailed discussions.
4 All we can do is assure you that we
5 will responsibly have the conversa-
6 tions and do whatever is necessary
7 to have a safe facility.
8 MS. BOCHNOWSKI: Specifically,
9 though on that, that was my question
10 too, you have this Harrison County
11 Civic Association which you're going
12 to be giving thirty-two some million
13 dollars to, and I noticed included
14 in that - and I know I went kind of
15 fast - but included in that were
16 some things for infrastructure and
17 so on and so forth. Would you be
18 willing -- and then you've got your
19 hundred and fifty-five million in-
20 vestment. On top of all that, would
21 you be willing to provide the necessary,

because you are going to be making an impact if you get a license here, you would be making an impact on this community and surrounding areas, would you be willing to add money to all of that to provide protection emergency response in all areas, any necessary infrastructure to get to your facility? I mean within reason. I'm not making the whole .....

MR. STURGES: Right. The word "necessary" though is one of those words, you know.

MS. BOCHNOWSKI: I understand.

MR. STURGES: But certainly we accept the principle that any direct impact of this project needs to be paid for by the project. If we have eight point five million dollars in the budget now for some

1 infrastructure improvement that we
2 can get into the detail on. We've
3 also got a twelve million dollar
4 contingency in our budget and the
5 Harrison County Civic Foundation I
6 should emphasize was never intended
7 to be a vehicle to pay for the impact
8 of our project and kind of hide pro-
9 ject costs, if you will. As a matter
10 of fact, we've made the board up in
11 a way that wouldn't allow that to
12 happen even if we wanted to because
13 we are, we have one representative
14 on a board of five people. When it
15 comes to how those dollars are spent,
16 those five people will make that
17 decision and we are only one voice.
18 So it is certainly our expectation
19 that we are going to be dipping into
20 our pockets to cover some additional
21 direct impact costs through negotia-

tions and further discussions with Harrison County.

MS. BOCHNOWSKI: But you have actually budgeted for such..?

MR. STURGES: We have for some, that's right.

STEVE SMITH: Commissioner Bochnowski, if I might, we have also agreed to advance one point seven five million dollars directly to the county for any purposes that it deems appropriate. They have indicated their intention to spend down on infrastructure improvements unrelated to our project, but I wanted to make it clear that we have in fact agreed to find an additional one point five seven million up front.

MS. BOCHNOWSKI: And then some of that in addition to the safety and the emergency response. We've

talked about the water..I mean you in order to run a hotel it's like you're gonna have to have the waste water and the sewer and whatever probably improved.

STEVE SMITH: Yes, in our submissions, the same things you have mentioned and you heard Terry Miller talk about today; there is water problems, there is not sufficient water in Elizabeth. We are going to build a five thousand gallon storage tank and a well field to service that, and turn that over to the City of Elizabeth to own and operate. In addition the sewer, the sewer is a different issue and Terry alluded to that. There is no users for a whole sewer system. There is nobody wants to run one. So we are gonna take care of our needs.

We have excess capacity. What happens in the future will be left to the future to decide. Electrical is the same thing. There is currently eight and a half million dollars in our project to do the road between our site and the Harrison County or to New Albany. There is a lot of money being spent in New Albany, as was mentioned getting off 64 and around the corner and over the railroad tracks. There is money in there to fix those things and there's a lot of detail around but it's the same thing that people are gonna have to do. We've got to make sure we get people to our site or they won't come. The road is gonna be widened by eight feet, guardrails added, resurfaced and striped. Those types of things could make that trip an easy and con-

venient trip to make. And all that money is in the budget now.

MR. ROSS: I just have something that is a little evasive.

MR. SMITH: Sure.

MR. ROSS: When you're in Baton Rouge or in a metropolitan area with a lot of hospitals and medical care. Out here you will be a long ways from anybody, and so even if you got the medical ambulances and all, there's still a lot of time lost from the time somebody would have a heart attack or something out on the water until you could get back to land. What is Carnival doing to make it safe for the patrons that are on the boat?

MR. SMITH: I'll start it because we've had those discussions over the last couple of weeks in fact.

1 Captain Jamison is here and he can
2 talk about the detailed plans that
3 are required on the boat before you
4 ever receive your license to operate
5 the boat. We have full-time twenty-
6 four hours a day EMT's both on the
7 boat and on the dockside facility.
8 MR. ROSS: EMT's or paramedics?
9 MR. SMITH: EMT's at this point.
10 There is a difference but these are
11 EMT's and that's what we have at
12 Baton Rouge. In the detailed plans
13 as to how you take care of a critical
14 victim between Louisville and the
15 site or between Harrison County and
16 Floyd County Hospital and the site,
17 those would be details that would
18 take time and effort to sit down and
19 figure out, but it will be done.
20 MR. ROSS: Well, in Indiana you
21 need to have a paramedic to do recus-
sitation.

1 CAPTAIN JOE JAMISON: Yes, I'm
2 Captain Joe Jamison, with Casino
3 Rouge. Basically, sir, addressing
4 the issue and I can talk specifically
5 what we're doing now on ongoing prob-
6 lems up and down the river system,
7 this issue has come up before in
8 Illinois with paramedics on the
9 boat. Currently, all the boats that
10 I'm aware of have an EMT assigned to
11 the security department, that are
12 on the boat, we will have one assigned
13 to land base to take care of patron,
14 employee, emergencies and first aid
15 station. Looking at having communi-
16 cation with the emergency response
17 people to with the patron heart
18 attack, whatever it might be happen-
19 ing that we can stabilize the patron
20 until the paramedic people get therr.
21 Now, looking at the issue of para-

1 medics that we specifically would
2 have one on board, and there is no
3 plans that I have, you know, at the
4 moment that we would have specifically
5 one on there. But we would have an
6 EMT available.
7 MR. KLINEMAN: I think you
8 ought to look into that because
9 under Indiana law you need to have
10 a paramedic to do that.
11 STEVE SMITH: No question. If
12 there is a technical requirement for
13 a paramedic, then this facility ob-
14 viously would support a paramedic
15 instead of an EMT. And that's what
16 I think the point this morning was
17 made. Those kind of specific details,
18 you've got these corporations spent
19 a lot of money getting to today as
20 it is, you know, with twenty-five per-
21 cent chance of success. Those kind

1 of plans will be done very quickly
2 and following the receipt of the
3 certificate.
4 MR. STURGES: If I could add
5 just one observation to that, although
6 the expertise isn't right here in
7 this room, we certainly have avail-
8 able to us again within our organi-
9 zation the emergency response exper-
10 tise of our cruise line, and you can
11 imagine some of the logistical pro-
12 blems that are facing the cruise
13 ship business with getting medical
14 attention to people who are having
15 medical problems in the course of a
16 cruise. And as I said, the expertise
17 isn't in the room but it's available
18 to us to make sure that we don't give
19 ourselves a false sense of security
20 about what's available in southern
21 Indiana versus Baton Rouge or any

other place we operate.

MR. KLINEMAN: Inaudible.

MR. SMITH: One additional point if I might. The Indiana Gaming laws as I'm sure you're aware requires us to submit to the Commission an emergency response plan for its approval, which we will certainly do and we have done in Louisiana. It's been accepted by the Louisiana Commission.

MR. SWAN: I was looking at the win average, what's the win average over a weekend?

MR. STURGES: It's about forty-five dollars, forty-six dollars a day.

MR. SWAN: That seems to be what we're seeing....forty to forty-five dollars, but I see what you guys have here is fifty-one dollar average

1 over the five year period, forty-
2 nine dollars on ..... Where does
3 that come from? How do you -- is
4 that a number just being picked out
5 of the air and when you get more
6 experience we can see it's picked
7 out of the air? Tell us where you
8 came up with that?
9 JACK RAUEN: Jack Rauen from
10 Carnival Hotels. Our core plan is
11 forty-nine dollars. And that's
12 based on forty-seven dollars from
13 the local market, more trips, less
14 average budget. To the farther out
15 customers come to as high as fifty,
16 fifty-one dollars. So the first
17 year average is forty-nine dollars.
18 Over the years through inflation I
19 think that probably what you're sug-
20 gesting is up to fifty-one.
21 MR. SWAN: So are you saying

then that the farther the people travel to your boat the more they spend on the boat, rather than ....

MR. RAUEN: Less trips generally equates to a larger per trip budget.

MR. SWAN: Okay. I don't.... In reference to some people involved in the application just directed to Harrison, I understand that there have been portions of this put into trusts, but it's not real clear to me whether he has any control at all over those funds. If you could explain that and then some of the information that we received alluded to that but I'm not real sure where that stands because of, if he does have to go over those funds..... the percentages.....

WOODY WEISER: I'm very familiar with those costs. The answer to

1 your question directly is he has
2 no control over those trusts. Those
3 have been absolutely assigned so he
4 maintains no control, economic or
5 otherwise, over those trusts.
6 MR. SWAN: Essentially an ir-
7 revocable trust, do you know who the
8 trustee is? Do you maintain trustee
9 status on those?
10 MR. WEISER: No, the trust is
11 for the benefit of his son, Nick
12 Garrison, who is the Chairman and
13 CEO of Carnival Corporation. And I
14 think the assignment is in your book,
15 as I recall.
16 MR. SWAN: We received the
17 booklet....
18 MR. WEISER: Yes sir.
19 MR. SWAN: Unequivocally, he
20 has no control whatsoever?
21 MR. WEISER: Unequivocally, he
has no control absolutely or involve-

1 ment whatsoever, either in the day
2 to day or indirectly or in some ob-
3 scure way, he has no control, he
4 has no involvement, and it is strictly
5 now for the benefit of his son, Nick.
6 And that, by the way, only involves
7 the three point three two percent
8 I believe it's three point three,
9 or three point two two, I'm not sure,
10 interest which ultimately he would
11 have had had indirectly had he
12 stayed in for the transaction, but
13 he's not in the transaction.
14 MR. SWAN: Has he documented
15 and signed all of that?
16 MR. WEISER: All of that has
17 gone to Nick that is not ....to
18 zero but it is controlled.
19 MR. ROSS: I have a question
20 about the financial.. I think you
21 said your budget is a hundred and

fifty-five million?

MR. STURGES: That's including the first five million contribution to the Harrison County Civic Foundation.

MR. ROSS: Right. And compared to two of the other applicants it seems to be pretty low, and in seeing the one slide it showed the forty-five million that would go to the State of Indiana for employment. It seemed like that slide somehow tried to depict what the difference was. Can you explain that to me?

MR. WEISER: I'm not sure I grasped the first part of your question, but let me just try to answer your question.

MR. ROSS: Well, the question, maybe the slide doesn't enter into it, but it seems like that primarily

1 you're doing about what everybody
2 else is doing, so I want to know why
3 you're a hundred and fifty million
4 and they're two hundred.
5 MR. WEISER: Well, like we
6 pointed out earlier, there are several
7 factors in carrying some of the other
8 applications that we don't face or
9 have elected to treat differently.
10 For example, Steve Smith mentioned
11 in some of the competitors would in-
12 cur twenty-three million dollars in
13 site costs that due to the advantage
14 of our site we won't incur.
15 MR. ROSS: You won't have any
16 of that?
17 MR. WEISER: We will have our
18 portion of it.
19 MR. ROSS: What is your por-
20 tion?
21 MR. WEISER: I'm sorry. We,

we, that is an incremental cost. We will have costs to develop our site. Theirs will be, in come cases, that much more.

MR. ROSS: That much more?

MR. WEISER: That much more. Now, secondly, land -- we've included our estimate for land at cost. Cash which we will pay to a number of option holders for our land. Some of our competitors have elected to arbitrarily assign a market value to the land, and at times that can be as high as the a seventeen million dollar difference between our proposal and theirs. So, right off the bat, Commissioner, there's a quarter of a million dollars of real difference when you're comparing the proposals.

MR. KLINEMAN: Along the same

lines, I am confused, you put the forty-five million dollars in this chart. To me it doesn't belong in this chart. It may be a benefit to the state as you've indicated but it doesn't belong in this chart.

MR. WEISER: That's the point we were trying to make, that no doubt they will incur costs to develop their boats, but our costs will be to the benefit of Indiana economy.

MR. KLINEMAN: But your benefit won't be forty-five million dollars. I mean we're talking about incremental things, as you said a minute ago.

MR. WEISER: Uh-huh.

MR. KLINEMAN: And the forty-five million is not an incremental as I see it.

MR. WEISER: To the extent that it goes to the State of Indiana it is.

1 If there's a boat being built in
2 Indiana and one being built in
3 Louisiana.
4 MS. BOCHNOWSKI: Right. But
5 we're trying to compare apples to
6 apples.
7 MR. WEISER: Right. To the ex-
8 tent that you're trying to compare
9 apples to apples, I think your com-
10 ment is right, Chairman. I think
11 you're right. The forty million
12 dollars as that describes is actually
13 the differential between what they
14 put on their budget and what our
15 same cost for the same product will
16 be. The next number in the statement
17 mixing apples with oranges, if you
18 will, is another number, significant
19 as it is, but not significant if
20 you're trying to separate what they
21 built for theirs and what we built

for ours. So I think your point is well taken.

MR. VOWELS: When I'm looking at what the project costs are, we have a hundred and fifty-five million dollars which includes that five million dollars to Harrison County Trust Fund. And I have here twenty-six million three hundred and seventy-three thousand dollars community incentives?

MR. WEISER: That's the present value of the first five years' contributions to the Harrison County Trust Foundation. Thirty-two million of gross contributions today's value twenty-six million.

The best way to look at it is we have a hundred and fifty million dollar construction project. On top of that we have a gross value of

1 thirty-two million dollars worth of
2 contributions worth of contributions
3 to the trust foundation in the first
4 five years. So, a hundred and fifty
5 million dollar construction project.
6 On top of that we have a gross value
7 of thirty-two million dollars worth
8 of contributions to the Trust Founda-
9 tion in the first five years. So,
10 a hundred and fifty plus thirty-two,
11 a hundred and eighty-two. But the
12 present value today of those contri-
13 butions is twenty-six million.
14 MR. VOWELS: And what sort of
15 increments are you giving money to
16 that trust fund?
17 MR. WEISER: On an average, six
18 million dollars a year.
19 MS. BOCHNOWSKI: What's your
20 formula?
21 MR. WEISER: As Bob Trinkle ex-
plained earlier, it's two percent of

the, the first hundred million of adjusted gross receipts, and three percent for the next fifty million, and then five percent for all amounts over a hundred and fifty.

MR. VOWELS: And what's that gonna be used -- I mean that goes into the trust fund?

MR. WEISER: That goes into the trust foundation for spending at the discretion of that foundation's board.

MR. VOWELS: Who is on the board? Is it local...

MR. TRINKLE: Yeah, our original recommendations, and the way I understand it's going to be now is we recommended it be two county commissioners. It would also include a nominee from the Harrison County Council who need not or may be a mem-

ber of that council. He might be a member of the community. And a member nominated by the Corydon Town Council who may or may not be a member of the council and a member of Harrison County Gaming.

MR. VOWELS: Does it have a specific charter about where that money is supposed to go, or is it just at the discretion of that board?

MR. TRINKLE: There is no specific charger. I think we, our nominee to the committee we would encourage to support projects that over the last two years have been brought to the attention of the Harrison County Task Force time and time again. Our nominee would be encouraged to support those kind of projects.

MR. WEISER: Commissioner Vowels, one of the things that our develop-

1 ment agreement with the County con-
2 tains if an obligation on the part
3 of the County to maintain 501-C-3
4 status for that entity, so it would
5 have to be a charitable entity doing
6 charitable work.
7 MR. VOWELS: Getting back to
8 for a moment. He's
9 definitely out of this project?
10 MR. WEISER: The answer is yes
11 unequivocally.
12 MR. VOWELS: Would there ever
13 be any circumstances at which he
14 might re-enter the project?
15 MR. WEISER: I can't foresee
16 any circumstances, and if he did, I
17 would presume he would have to go
18 through licensing and he would have
19 more than the required but there
20 is no plan at all for that, and so
21 the answer to that is none that I
know of at all.

MR. VOWELS: You haven't made any previous.....?

MR. WEISER: It's there for the benefit of Mickey Ayres, which is not Ted Ayres' family, children.

MR. THAR: I just have a couple of questions. The Corps of Engineers is always something with me. So I'm going back to that. What is --

MR. WEISER: Always been something for me too.

MR. THAR: When do you estimate your Corps permitting process time is from certificate of suitability forward?

MR. WEISER: Certificate of suitability forward, Doug Shelton is supposed to speak this week, I think, and he's gonna say six to nine months if he's still on your agenda, I don't know. I've tried to convince Doug

and I know my business, can do it faster, and he will never agree with me in public. We think that's a good time period, you know, with the weather, this project if you issue within thirty or forty days at your next meeting, we're gonna be in a good period of time to do a lot of investigative work and that type of thing. I think six months is a great time. I think we can probably beat it.

MR. THAR: You got the certificate of suitability and you did not have the Corps permit within nine months, would you agree to give the certificate back?

MR. WEISER: That's not my call to make.

MR. THAR: Mr. Sturges?

MR. STURGES: Do I have to answer

that right now?

MR. THAR: Well, we've got some lingering Corps issues down here on the river, and getting the boats open and it's now becoming a little bit more, a little bit more of a priority, so we're looking for some time period to hold you to. You're representing that your site is the best, you're representing that you've done your homework. How much are you willing to stand on time limit?

MR. STURGES: This would, to the extent that it's a condition of certificate of suitability that the Corps permit be obtained and that we would have a certain time period, we'd certainly live with that.

MR. THAR: As to the temporary question phase of that. Do you honestly think it is gonna be done in nine months?

MR. WEISER: I'm not one of those sweat equity holders, so, but I guess everything is on the line anyway. In nine months with this project and this site, in my twenty-four years experience in permitting, I don't see that as a problem with this site. It's trouble when you have other agencies involved, as you all know you have EPA, you have fish and wildlife in Indiana. If the State of Kentucky was involved as you've got up in Rising Sun, you know, I'm not gonna take responsibility for them. Sometimes they do what they want to do. So that's tough to put on our responsibility. You know, put on our bid and control other agencies. But as far as getting the information, being responsive, spending the dollars that you have to

spend to answer question, there's no question I've received all the support in the world from this group.

MR. THAR: Let's move to a couple of other conditions. There is no economic development agreement as I understand it signed with this Harrison County Group. Consequently, it puts this position in what they consider to be probably a good position and that is and this means certificate of suitability on the fulfillment of certain needs of the County, such as adequate water supply in the area, sewer system in your area, safety concerns that are articulated, police and road work, all of which are things that you have not agreed to at this point in time, but yet this Commission would have the power to impose upon you as part of

the certificate of suitability. If they gave you a certificate of suitability with those conditions you would, of course, be free to reject it. Are there any conditions in those areas that you would reject at this point in time?

MR. STURGES: Not as you've just described them; they sould like we could live with all of them.

MR. THAR: Including dollar amounts that we may impose?

MR. STURGES: Well, the dollar amounts, I think, are something that I think has got to be analyzed. I mean I don't think, I don't think, you know, in a vacuum we would agree with dollar amount until our experts took a look at whether the dollars were adequate, too much, or having been in principle the direct impact of our project that's something we're

expecting to pay for.

MR. THAR: One final thing. With regard to the hundred and fifty-five million dollar figure that you are using for your project, does that include any of your second phase aspect of your project?

MR. STURGES: None whatsoever.

MR. THAR: So your project cost, for the project investment would go up if you deemed it financially sound to do so?

MR. STURGES: Exactly, that's right.

MR. THAR: That covers my questions....

MR. SWAN: I have one more unrelated question. If we were to grant a certificate in Crawford County as well as a certificate to you, how do you feel that that would

1 impact your project?

2 MR. STURGES: We don't believe

3 it will have a significant or mate-

4 rial impact on our business.

5 MR. SWAN: Can you explain why?

6 These are fairly close together.

7 MR. STURGES: Well, we've found

8 in the gaming business that proximity

9 to your market is really a critical

10 fact and we just feel that our site

11 in Harrison County gives us tremen-

12 dous access to large numbers of

13 people and would give us a tremendous

14 competitive advantage over a facility

15 located in Crawford County, and it

16 would be very difficult for a Crawford

17 County facility we believe to draw

18 from the markets we intend to draw

19 from.

20 MR. SWAN: Let's put it another

21 way. If we award you a certificate

of suitability, do you think it's feasible that we can also award one to Crawford County from a market standpoint?

MR. STURGES: I don't know that we want to rain on Crawford County's parade here. Let's say our numbers are achievable even with a boat in Crawford County, and I can't say that we have looked at it any more depth than that. We're concerned about what we think we can do with our site.

MR. SWAN: I appreciate that. Thank you.

MR. KLINEMAN: I think we've come to the end and I want to thank you gentlemen very much for your informative answers to our questions and with that we will take a fifteen minute recess. Thank you very much.

(RECESS)

INDIANA GAMING COMMISSION

REGULAR MEETING

MAY 7, 1996

9:15 A.M (EDT)

HARRISON COUNTY PRESENTATION

HARRISON COUNTY QUESTIONS AND ANSWERS

HARRISON COUNTY GAMING COMPANY, LP PRESENTATION

HARRISON COUNTY GAMING COMPANY, LP QUESTIONS AND ANSWERS

HORSESHOE CASINOS (INDIANA) LLC PRESENTATION

HORSESHOE CASINOS (INDIANA) LLC QUESTIONS AND ANSWERS

5:30 P.M. ADJOURN

THE MEETING IS CALLED TO ORDER

COMMISSION MEMBERS PRESENT ARE:

ALAN I. KLINEMAN, CHAIR:

ANN M. BOCHNOWSKI, VICE-CHAIR;

THOMAS F. MILCAREK:

DAVID E. ROSS, JR., M.D.:

ROBERT W. SWAN:

DONALD R. VOWELS

ALSO PRESENT ARE STAFF MEMBERS:

JACK THAR, FLOYD HANNON, KAY FLEMING, JILL COPENHAVER, PAM AYRES, AND AN AUDIENCE.

ALAN KLINEMAN: We are here to receive the presentation of Horseshoe Casinos Indiana LLC. If you would commence, identify yourself please.

TERRY MUMFORD: Commission Members, I'm Terry Mumford, and I am very excited today to be the one who kicks off the Horseshoe Presentation. For the past six months I have lived and breathed this project, and there are so many things that I would like to tell you it's hard for me to know where to begin. So I will begin with you where I began, and that was when Ice Miller decided to join the Horseshoe team. We did that for two reasons: First, we met Jack Binion and liked his ap-

Horseshe

1 proach to the project; most impor-
2 tantly, we liked the project itself.
3 Jack Binion's approach is always
4 to have top quality and give the
5 best value. He has assembled a
6 team for us to work with made up
7 of the highest quality people.
8 I've worked with them and spent
9 more time with them in 1996 than
10 I have with my husband and my four
11 children, and I can assure you
12 that what you have here before you
13 is a very valuable project and one
14 that is very well thought out.
15 The second reason that Ice
16 Miller got involved with the Horse-
17 shoe project is because of the
18 project itself. I was one of the
19 chief lobbiest on the riverboat
20 legislation in 1993 and I knew how
21 important it was to southern

1 Indiana legislators that we have
2 destination resorts, as a result
3 of that legislation, particularly
4 on the Ohio. I also had observed
5 how difficult it was to achieve
6 three destination resorts in
7 Indiana, but I am very pleased and
8 very happy to be able to tell you
9 that this is it. This is the true
10 destination resort that was en-
11 visioned back in 1993 when the
12 legislation was passed. This is
13 a true destination resort because
14 we have the right site, we have
15 the right access, and we have the
16 right development plan. The other
17 thing that legislators talked to
18 me about back in 1993 was economic
19 impact and revenues. This project,
20 because of its configuration, be-
21 cause of its site will have re-

1 gional economic impact, and Horse-
2 shoe has gone further and guaranteed
3 through the revenue sharing formula
4 which is the most generous for
5 the county of Harrison County, but
6 also will have regional impact
7 because we share revenues outside
8 the county.
9 But let me go back to the
10 team that I've been working with.
11 As I've told you, they know all
12 there is to know about this pro-
13 ject, and they're the ones who
14 would make this project a reality
15 for Indiana. Most importantly,
16 this is the team which has made
17 Horseshoe the number one performer
18 in Mississippi and Louisiana.
19 For all the reasons that I've
20 learned since I've been working
21 on the project, I'm absolutely

convinced that Horseshoe is the right choice for Harrison County and for the State of Indiana. But you have a long decision-making process ahead of you so let me let you begin where I began and that is with meeting Jack Binion.

JACK BINION: Good afternoon. I'm Jack Binion. I'm Chairman of Horseshoe Gaming. Horseshoe was the first gaming company to invest in Harrison County. We've been working on this project for over two years. It is by far our company's most important project. You know, maybe because riverboats are so new, everybody just thinks about the next two or three years. But this is gonna have a long,

far-reaching economic impact on Harrison County for a long, long time. Horseshoe Gaming and I personally am totally committed to the long term. After all, my grand nieces and nephews and my grandchildren have a substantial part of this business. I care what happens twenty, thirty, even fifty years down the road. We want to be the most competitive casino in the State of Indiana, just like we are in the other areas. Our focus just isn't on Louisville where people are just gonna come over, stay a few hours and go back home. We want our customers to come from hundreds of miles away. The customer who is thinking about maybe going to Metropolis, Peoria, Lawrenceburg, even Las Vegas, we

1 want them to come here. We want
2 to build up so much customer loyalty
3 and volume and even if Loisville
4 gets gambling, we're still a
5 viable destination. But like I
6 said, we're gonna be the most com-
7 petitive casino in Indiana.
8 I'm now gonna turn you over
9 to our management team for more
10 detailed description of our project.
11 You know, I've been in the gambling
12 business all my adult life. I've
13 been the President of the Horseshoe
14 in Las Vegas for over thirty-three
15 years. When you've been around
16 as long as I have you get to know
17 good management. And with this
18 rapid expansion of gaming, good
19 management is in short supply.
20 By making them my partners in the
21 business, I've been able to put

1 put together a great management
2 team and we've been very success-
3 ful in other areas. I'm really
4 proud of them. Now, with that,
5 I'll turn over Paul Alanis, our
6 President.
7
8 PAUL ALANIS: Thank you,
9 Jack.
10 Good afternoon, my name is
11 Paul Alanis and I am President of
12 Horseshoe Gaming.
13 The management team that
14 Jack just described came to
15 Harrison County two years ago. It
16 was our mission to find the best
17 possible site for the casino hotel
18 development that we were interested
19 in bringing to this community.
20 We were not committed to any spe-
21 cific site and since we were the

1 the first casino company to come
2 to the area, we had a host of sites
3 available to us. From Bridgeport
4 to Mauckport and in between. We
5 first focused in on the Bridgeport
6 area; it seemed the obvious choice
7 since as the crow flies it is the
8 closest to downtown Louisville.
9 However, as we studied the situa-
10 tion more carefully and as we
11 talked to the local experts, we
12 began to realize that the Bridge-
13 port sites had problems. Problems
14 which caused that advantage to be
15 just that, a matter of perception,
16 not reality. Because people can-
17 not get to the Bridgeport area
18 like crows do, they have to drive
19 there along established roadways
20 and through existing communities.
21 And the existing congestion along

1 the only road and at the major
2 intersections leading to Bridge-
3 port from downtown Louisville was
4 already a problem. When you added
5 to that the traffic that would be
6 generated by a major hotel and
7 casino development, we determined
8 that we had to look elsewhere.
9 We looked throughout the county
10 along the Ohio River and we ulti-
11 mately came to Mauckport and found
12 the ideal site. It was flat,
13 buildable and free from environ-
14 mental problems. It had even been
15 permitted by the Corps of Engineers
16 for a marina development. Best of
17 all, it has superb access, not
18 just from Louisville but in all
19 directions. That site in Mauck-
20 port is the site which we are pre-
21 senting to you today. While admit-

1 tedly, slightly farther from down-
2 town Louisville than Bridgeport,
3 we considered this to be immaterial.
4 Why? Because who ever opens in
5 Harrison County will capture the
6 entire Louisville market. That's
7 the easy part. The hard part is
8 turning this project into a genuine
9 regional destination resort. That
10 has been our objective from day
11 one and it was our reading of the
12 legislature's intent when they
13 adopted riverboat gaming and sought
14 broad based regional economic deve-
15 lopement and tourism. We can
16 achieve that here in Mauckport.
17 We have over six hundred acres
18 under our control, enough to build
19 not only our project, but to con-
20 tinue to expand and improve it in
21 the future to assure that that

economic development is long term. At this point I'd like to introduce to you Cliff Kortman, he is the head of development and construction for Horseshoe Gaming and he's going to tell you about the project that we plan to develop on that site in Mauckport. Thank you.

CLIFF KORTMAN: Than you, Paul.

Members of the Commission, my name is Cliff Kortman and I'm the Director of Development for Horseshoe Gaming. I have with me today the principal of ..... Associates, our architectural firm that will help me with some of these boards and models. By way of introduction, let me tell

you a little bit about myself. I have over twenty years of experience in this business. I've had the opportunity to travel and work in over seventeen states on various and diversified projects. I have management and technical experience in road and highway construction, law and retail work, multi-use convention, high rise, river and bank stabilization, hospitality and hotel construction. More important than anything, I have experience in riverboat and casino development. I was the guy that several years ago planned, budgetrd and opened both of our properties in Bosier City Louisiana and Tunica, Mississippi. So let's talk a little bit about our project here today. Site access from

1 Interstate 64 is a simple right-
2 hand turn onto a four-lane divided
3 roadway that bypasses Corydon.
4 Just outside of principle retail
5 community in Corydon, the road is
6 well shouldered, two-lane and will
7 deliver the patron approximately
8 fifteen miles into Mauckport.
9 From Kentucky and western Louisville
10 patrons will cross the Matthew
11 Welsh Bridge and make a right
12 turn into our complex. Where
13 these two traffic patterns merge
14 the first infrastructure change
15 will occur, specifically a widen-
16 ing of State Road 135. At this
17 intersection, a turning lane will
18 be provided up from the right and
19 a controlled or protected left-
20 hand turn lane from Corydon. As
21 you come into the site you will be

1 greeted by a divided, two-lane
2 highway. This highway will
3 deliver patrons to our property
4 or to the community of Mauckport
5 they may go to surface parking
6 areas and to covered parking areas
7 underneath the garage, along State
8 Road 11, into the port a cochere
9 drop off area here or on up Lopp
10 Circle Road. They also will have
11 access to this parking area here,
12 the retail community center, and
13 the 18-hole championship golf
14 course. Through the use of modern
15 technology, let me take you on a
16 brief overview of our project.
17 (VISUAL ONLY)
18 (VIDEO PRESENTATION)
19
20 As the customer comes into
21 the property he will have three
options on parking. He will have

1 the opportunity to self park in a
2 surface parking lot, he will also
3 have the opportunity to park in
4 our enclosed and covered garage,
5 or he can drop off at the porte
6 cochere. We offer free valet
7 parking. As you come from the
8 porte cochere you enter our pavi-
9 lion building. Our pavilion build-
10 ing. As you enter the pavilion
11 building, amenities included in
12 this are would be retail outlets,
13 entertainment areas, a working
14 blacksmith shop, and a museum
15 where local artifacts would be on
16 display. In addition, there will
17 be two restaurants in this area.
18 A buffet and a steakhouse for
19 which we are famous. Immediately
20 adjacent to this area will be
21 meeting rooms, banquet rooms, a
four-hundred seat theatre, all of

which will be built on a eleven-hundred car parking garage that is entirely below this area. This parking garage will be well lit and be highly secure. The hotel a three-hundred room all suite hotel, will feature a room that is approximately five hundred and fifty square feet in size, which is about standard the size of a normal room. As you can see from the rendering this room will be among the finest in the State of Indiana. Likewise, our riverboat, named the Pride of Indiana, will be elaborately furnished. She will feature high ceiling elements, custom casino carpets, crystal chandeliers, non-gaming areas, restaurants, and non-smoking sections. The Pride of Indiana will

1 cruise along the banks of Ohio,
2 outside of the navigation channel
3 but within the boundary of the
4 Indiana State line. We have the
5 opportunity to cruise down river,
6 turn around, come back to the dock
7 or continue on up river, turn a-
8 round and come back to the dock.
9 We have any number and variety of
10 cruises available and the distance
11 is approximately five miles to
12 thirteen miles. All of this prin-
13 cipal development here is located
14 on forty-two acre parcel that is
15 already permitted with the Corps
16 of Engineers. It's correct, it's
17 already permitted with the Corps
18 of Engineers for a marina and site
19 work improvements. This principal
20 development does not have wetlands.
21 As a matter of fact, of the six

hundred and fifteen acres that we now control, 1.59 acres are considered impacted jurisdictional weapons. That's one quarter of one percent. As you know we have entered into development agreements with Harrison County and with the Town of Mauckport. Certain infrastructure changes will occur as a result of that agreement. Our water will come from the South Harrison Water Treatment Facility. We will fund the design and construction of sixty miles of new pipeline, two water storage facilities, one off of Merk Road and one at our site. Additionally, a waste water treatment facility will be designed and constructed to handle the needs not only of our property but for future expansion

plans of our property, the Town of Mauckport, the expansion plans and expansion opportunities for Mauckport and areas other communities in the area. Two other elements of our development of the 18-hole championship golf course and the community commercial center. I'd like to tell you something about the golf course but actually I'm not very qualified. So I'd like to introduce somebody that is qualified who really needs no introduction in this room.

Ladies and gentlemen, Mr. Fuzzy Zoeller.

FUZZY ZOELLER: Thank you very much.

I will guarantee -- always a pleasure seeing you golfers and ladies -- I will guarantee that --

1 well, I have to say "ladies" be-
2 cause my wife plays the game too.
3 Guarantee on this, when we design
4 a golf course you see a lot of
5 water and sand and my main goal
6 and objective when we do a golf
7 course is to think of the amateur
8 golfer. All right. Amateur golfers
9 are the ones who pay the bill and
10 I want people to understand this
11 will be a public golf course.
12 All right. Don't get intimidated
13 by the water. I put water in and
14 sand traps just for the beauty as
15 you see here. It's just to add,
16 it's like decorating a Christmas
17 tree, putting the ornaments on
18 the tree, just for beauty, not to
19 catch your wild ugly looking golf
20 shots, or my wild and ugly looking
21 golf shots, but strictly just for

the beauty. This golf course -- I hate to use the word "championship" because I don't like to run anybody away from the game. This will not be built as a monument, this will be a golf course that's built for people to play whether you be a high handicapper or low handicapper, male or female, you will enjoy the golf course. It's just another added amenity that Mr. Binion and the Horseshoe group has added. And I am -- it's a pleasure for me to be involved with it. As for myself, I've been born and raised in this State, I'm very proud of this State and I'm proud of southern Indiana, this is my home. This is where I call home. And I can't say what an opportunity this is for me to be in-

volved in this. But as for Jack Binion, I've known Jack Binion for nine years and I must tell you people that if there is an Arnold Palmer and Jack Nicklaus in this business, Mr. Binion is the one.

I thank you for your time and may all your birdies fall in. Thank you.

JACK BINION: Thank you, Fuzzy.

SLCB Gaming is a partner of ours. They will be actively involved in the planning, design, construction and development of our community retail center. I would like to now introduce to you Mr. Jeff Cohen, a partner in SLCB Gaming. Jeff.

JEFF COHEN: Thank you. Commission Members, Mr. Thar, my name is Jeff Cohen. I'm a partner in the law firm of Johnson Smith. However, I am here today as an investor in SLCG Gaming. My partners in SLCB Gaming are Steve Simon, from Simon Property Group, Michael Browning from Browning Investments and Janel Lakin. We have a twelve percent interest in this project. I've had the opportunity over the last three years to proudly review fifty gaming opportunities for the Simons and others. We have taken this process very seriously. Our reputation is on the line in any project that we get involved with. We believe that this is the right project for the State of Indiana.

1 Let me tell you why we selected
2 Horseshoe Gaming over the other
3 applicants. Number one; Mauckport
4 is the right location for destina-
5 tion resort. Nine out of ten towns
6 in Harrison County have endorsed
7 the Mauckport site. If you look
8 at the county referendum the
9 people in Bridgeport, the majority
10 did not vote for gaming in a posi-
11 tive way. The people in Mauckport
12 did. That was extremely important
13 to us because we wanted to be in-
14 volved in a project where the local
15 community wanted our development.
16 The second reason we selected
17 Horseshoe Gaming was they know
18 how to compete with the best. They
19 are the number one riverboat
20 operator in both Mississippi and
21 Louisiana. Every applicant pre-

1 senting today and tomorrow in
2 Harrison County competes in the
3 Mississippi and Louisiana market,
4 and Horseshoe is number one in
5 both markets. That was important
6 to us because we wanted a partner
7 that we knew could compete in the
8 long term. Number three; we like
9 Jack Binion. He's a good guy.
10 We've met a lot of gaming companies
11 their representatives over the
12 last three years, and he is a class
13 act. He believes in people and
14 that is the philosophy that we
15 believe in. He believes in his
16 employees and he trusts employees
17 to run his business. And we're
18 confident that with that philosophy,
19 that is what has made Jack Binion
20 as successful as he is today.
21 And, finally, we wanted a gaming

partner that was committed to a project. Horseshoe Gaming is one hundred percent committed to Harrison County. They have done everything necessary to prepare this project to be opened. They have had a local office in the community for eighteen months. They've become a part of the community. They've contributed thousands of dollars to local organizations. They've gone out and found Fuzzy Zoeller to develop a golf course. They've come to us to assist them with a community center. They have done every single thing possible today to prepare themselves for this project. Let me tell you what our role is in this project: We're going to invest three million dol-

1 lars in the project. We are also
2 going to develop and lease a
3 sixty thousand square foot commu-
4 nity center. The community center
5 will have retail aspects that we
6 have Simon Property Group, the
7 largest real estate developer in
8 the United States to assist us in
9 the retail aspects. We will also
10 have community aspects to the re-
11 tail set up. It will have a child
12 care facility for employees. It
13 will have an urgent medical care
14 clinic. It will have a police
15 substation. We understand what is
16 right for large communities and
17 what is right for small communities
18 and we will build a community
19 center that is right for Harrison
20 County. In summary, I'd just like
21 to say that after three years of

experience in the gaming market, and there being approximately fifty gaming opportunities, we are confident in the decision that we have made in partnering with Horseshoe Gaming.

I'd be happy to answer any questions at a later time and I now let Cliff finish the presentation. Thank you.

CLIFF KORTMAN: Thank you, Jeff.

What you see before you is what we plan to build. It is covered here in its presentation and it's covered in our application. Two years ago we finished building in Bosier City. We're building again in Bosier City. We're building additional hotel

1 rooms, parking garages, public
2 areas. Likewise, in Tunica, we
3 are in the throes of a major ex-
4 pansion there. We opened that
5 facility about thirteen or four-
6 teen months ago. So we're giving
7 back and we're master planning,
8 we're going forward with additional
9 things. For long term planners,
10 we're master planners. We have
11 future plans here also. I'd like
12 to show you just a couple of those
13 plans. This is a five hundred
14 room hotel. This does not include
15 the two hundred rooms that we've
16 already committed to build. This
17 is five hundred additional all
18 suite rooms. This is an expanded
19 pavilion building, this is one
20 hundred square feet of retail
21 space. This is an enlarged river-

boat. What's not referred to on the rendering here is shown in the rendering here as our commitment to build a 9-hole golf course and the RV park. We're here for the long term. I'd like to thank you for allowing me to share the opportunity here with you. Thanks.

PAUL ALANIS: To continue our presentation I'd like to tell you about the economic impact that this project will have on this region, southern Indiana and also about some of the benefit programs that are part of our application and that are critical, I think to your evaluation of us. Before I begin I want to correct: it's three hundred rooms. I knew

you'd ask me on questions and answers.

A couple of other questions that I might anticipate and so I'll try to answer them now are: Can Horseshoe successfully build a hundred and ninety-seven million dollar project? Do we have the expertise to do that? Do we have the financial wherewithall to do that? Because this is indeed a hundred and ninety-seven million dollar project, fully thirty million dollars more than any other project that you've issued a certificate of suitability so far for. Lawrenceburg being the largest. So the issue as to our capability as a developer and our capability from a financial standpoint I can say that we are abso-

1 lutely capable in both regards.
2 You've heard about Cliff's back-
3 ground and my background is also
4 in development. All suite hotel
5 development and firm before I
6 joined Jack was one of the most
7 successful builders of Embassy
8 Suites in the United States. And
9 we have successfully designed and
10 well executed and completed two
11 projects in Bosier City and Tunica
12 which are the best performing
13 casinos in those respective states.
14 As to our financial capability,
15 we aren't the biggest company
16 that will appear before you, but
17 we may be out here David to trying
18 to slay Goliath as it relates to
19 our financial commitment to this
20 project and to Harrison County
21 because I don't think anyone has

1 made more of a financial commit-
2 ment than we. Of the hundred and
3 ninety-seven million dollars of
4 project costs, forty-three percent
5 of it is represented in equity.
6 That is eighty-six million dollars
7 and we have already invested that
8 money into financial institutions,
9 the banks here in the State of
10 Indiana, and it is our commitment
11 to you that if awarded a certificate
12 of suitability we will not with-
13 draw those funds except for the
14 specific purpose of building this
15 project and completing it. The
16 remaining hundred and eleven
17 million dollars is represented by
18 three firm loan commitments: The
19 first is from Debis Financial
20 which is a subsidiary of Mercedes
21 Benz Credit; the second is from
Hanwa Company Ltd., and I think
it's important to note that with

1 respect to these two loan commit-
2 ments that these are our existing
3 lenders. So it demonstrates their
4 confidence not only in this pro-
5 ject but in Horseshoe. The final
6 eleven million dollars is repre-
7 sented by Equipment Financing
8 from IGT. Now, what does this
9 project mean in terms of what you
10 are really interested in and that
11 is economic impact for this area?
12 As you can see it's nearly a half
13 a billion dollars. And this is
14 only the direct impact. We're not
15 talking about all of those indirects
16 that come in and a type of analysis,
17 these are the direct and economic
18 impact from our project. To see
19 the development investment of a
20 hundred and ninety-seven million
21 fixed incentives of seven point
six, and our revenue sharing

program which is thirty-one point eight. An important part of that I might add is that twenty million of it is guaranteed. You will hear during our presentation a lot about the fact that we stand behind what we say. We stand behind it in writing. We have guaranteed that no matter what our revenues are, under our revenue sharing program we will pay a minimum of four million dollars a year to Harrison County, and that is represented by that line of guarantee portion of the revenue sharing. Finally, we will pay taxes over the first five years of our license, two hundred and forty-four million dollars. Now, the difference between the total at the bottom and the top is twelve

1 million dollars. And what that
2 represents is the cost of an ad-
3 ditional two hundred all suite
4 hotel rooms which are not part of
5 our application and we understand
6 because you cannot give us credit
7 for it, but understand that in the
8 process we have gone through with
9 Harrison County and agreeing to
10 a development agreement, we have
11 agreed to build two hundred more
12 hotel rooms, commence that construc-
13 tion within two years of our per-
14 manent operation and finish it
15 one year thereafter. So that ad-
16 ditional twelve million dollars
17 will definitely be there. Also
18 essential to your evaluation is
19 what will we do for jobs in the
20 area? And I think it's dramatic.
21 Eighteen hundred new full-time

1 permanent jobs. In Bosier City
2 we have over two thousand jobs
3 with a thirty thousand square foot
4 casino. In Tunica we have eighteen
5 hundred jobs similar to here with
6 a thirty thousand square foot
7 casino. We will create twenty-six
8 hundred additional indirect jobs
9 as a result of our being here.
10 So job creation as a result of
11 our project will be forty-four
12 hundred new permanent full-time
13 jobs. Tax revenues as you've seen
14 of two hundred and forty-four
15 million dollars and it's broken
16 down between the State of Indiana
17 which will receive a hundred and
18 sixty million dollars over the
19 next five years and Harrison County
20 will receive eighty-four million
21 dollars. Now, an important part

1 of our project proposal is the
2 revenue sharing program that we
3 have. And the most important
4 feature that I think is that it
5 is intended to benefit the entire
6 region. We always believed that
7 that was the legislative intent
8 and it is our intent as well.
9 Harrison County has thirty-twow
10 thousand people but there is a
11 significant need in this entire
12 region so that thirty-two million
13 dollars that I just described is
14 going to be divided among eight
15 counties. We have determined that
16 allocation based upon need, proxi-
17 mity to this County, demographics,
18 population, and you will see that
19 we create enormous benefits for all
20 of the various counties over the
21 next five years as a result of this

program. Our formula is the most generous of any of the applicants. If you take and assume that we will win the same amount, gaming win will be the same for each applicant, you will see that the revenue sharing program that each has adopted will generate that kind of revenue sharing for Harrison County, whether it be a hundred and fifty million or two hundred and fifty million, Horseshoe is always the highest and that relates to all four applications. We believe in giving back to the community and part of that is not just in this revenue sharing program but in our foundation which we are establishing. The William Henry Harrison Foundation. We are going to fund that with

1 five point seven-five million
2 dollars immediately after issuance
3 of a certificate of suitability.
4 Our idea here is to allow the
5 community to fund projects that
6 are important to them whether
7 they be infrastructure, whether
8 they be civic or charitable organi-
9 zation and we want then to start
10 their work before we even start
11 business. So we are funding it
12 immediately so that their work can
13 begin immediately. Also part of
14 our program is two hundred and
15 fifty thousand which we will give
16 to Harrison County upon certificate
17 issuance for Toyota Magnum Program.
18 That is so that additional busi-
19 nesses which are not related to
20 us but which are important, add to
21 the economic benefits here and to

1 the job creation, they take ad-
2 vantage of the nearby Toyota
3 plant and that so businesses that
4 can service that and work with
5 that can be initiated here. Small
6 businesses can be given a start.
7 We believe in education at Horse-
8 shoe, we believe in training our
9 employees well, but we've also
10 been very generous as it relates
11 to jurisdictions that we're in
12 and in helping them with their
13 school systems and we want to
14 start that here as well. So we
15 have a college scholarship program
16 which we will fund with five hundred
17 and sixty thousand dollars during
18 our initial five years of opera-
19 tion. The way this program will
20 work is that the number one student
21 in each of the four high schools

here in Harrison County, plus a
second student who is deemed most
deserving by the faculty, will each
year be given a twenty thousand
dollar college scholarship by
Horseshoe to the college of their
choice, and upon graduation if
they want to come into our industry
they're guaranteed a job with us.
Finally, we care about the elderly
as well as the young and we are
going to fund a million dollars
into a program to promote and
develop senior citizen housing
here in the community; it's needed,
we've heard the fact that this is
needed, we want to help. This
program, again, will be with us
funding and the community allocat-
ing, they'll determine where to go
and who should be eligible. Now,
all of these programs I think are

1 what you want to hear and of
2 course everyone will have them.
3 But it's important to note that
4 we didn't start doing this when we
5 decided to make an application
6 here in Indiana. We've been doing
7 this kind of thing from the day
8 we opened Bosier City, and Tunica,
9 and actually we've been doing that
10 kind of thing here in Harrison
11 County since the day we arrived.
12 We've been part of the community,
13 we've been contributing to the
14 community. It is part of our
15 corporate culture and philosophy.
16 And we have said that we will
17 create an economic boom here, we
18 have done that in those other com-
19 munities. So I'd like to show you
20 a short video which I think will
21 help you understand and listen to

1 the citizens of Tunica and Bosier
2 and even here in Harrison County
3 about what we have done and how
4 we picture here.
5
6 (VIDEO PRESENTATION)
7 PAM AYRES:
"I've worked for two other
8 casinos and this is the best one.
9 We've got very good management,
10 they know what they're doing."
11
12 MIKE ALLEN: "The Horseshoe
13 in Bosier City has led riverboat
14 industry in the State of Louisiana
15 in both revenues and passenger...."
16
17 KEN MURPHREE: "Naturally
our investment bankers were very
18 interested in what our projections
19 were for the financial performance
20 of the property. And we have
21 really in a significant way exceeded
those expectations. Right now we

are currently to about three hundred percent of our fair share of market revenues."

PRESTON FRIEDLEY: "When the Horseshoe came in and really .... the department by a full twenty-five percent and it has been very successful here, but we are planning to reinvest a lot of those funds back into the county."

MYRON LOWERY: "We've got over nineteen hundred people working at Horseshoe Casino and those people are citizens of Bossier City and Shreveport and they're spending the money right here in Shreveport and Bossier City; therefore, the biggest winner is our own community. It's gratifying to be able to come to a place that gives back to the community,

that supports the community through its employment endeavors. And is also providing an economic boom for the area."

REPRESENTATIVE CHARLIE WILLIAMS: "They are very active in civic and charitable operations. I can tell you that they assist in just about everything that comes along and they are very generous in doing that and participating and putting a lot of the money that they make in the gaming industry back into our local activities."

TUT SULLIVAN: "The Horseshoe those people came in and wanted to sit down and work with you. They would say: Okay, if that's what we need to do we'll do it."

1 E. C. JONES: "Horseshoe has
2 certainly been a great corporate
3 citizen for this area and especially
4 in the charitable part."
5 DON PEARSON: "We were cer-
6 tainly amazed at just the very few
7 management positions that were
8 filled from outside our community.
9 I would estimate that in excess
10 of ninety-five of all the jobs
11 were filled from local made re-
12 sources."
13 SHERRYL TUCKER: "I went
14 from .....
15
16 CAROL NORTON: "I feel that
17 the people that Horseshoe have
18 hired have proven that they do
19 seem to care about the community
20 and they're willing to work with
21 organizations; they're sensitive

to the needs and they're sensitive to their surroundings."

TIM SHEWMAKER: "We were really, really short on our donations. Fortunately, we got hooked up with Horseshoe Casino and they were able to come through with a contribution that really made our campaign successful. We asked them if they could help us, we had an answer within twenty-four hours, we had a contribution within forty-eight hours."

MACON RAY: They seem like a very good group to me. I think that they're very honest and very sincere and I think they have the best interest of this County and this area at heart. We felt like that they were going to be here they wanted to be a part of us

1 and part of the community and
2 part of Harrison County. Maybe a
3 little bit more so than the others."
4 JERRY BEAMS: That's what
5 really convinced me that Horseshoe
6 was kind of open-minded about
7 their wanting to work with us.
8 Even like my group, the VOP, they
9 have asked me is there anything
10 we can do to work with you and I
11 appreciate that. I really do.
12 They have made me feel like it's
13 okay for me to have a voice."
14 RUSSELL PETTY: "I don't say
15 if you look over their records
16 and business dealings elsewhere,
17 uh, they're there to make it a
18 success and what seems to be a
19 long term success."
20 WALLACE MADEWELL: "I feel
21 like that they're what they say

they are. I think that when they say that they're going to do something, the indication is to me that they can do it."

MIKE ALLEN: General Manager. "And I've been to all of the casinos in this community at one time or the other, and the Horseshoe exemplifies the best of the best." I think everyone within our community would tell you that if we had an opportunity to select another casino operator, we'd be happy to have Bossier City, and I think without hesitancy we would like to see Horseshoe Casino come in again and operate within this community.

And I know it's a class operation. They're good people that work here and when they tell you something you can take that

to the bank.

(END OF VIDEO PRESENTATION

PAUL ALANIS: It's now my pleasure to introduce to you Mike Allen who is the head of gaming operations for Horseshoe. Mike is also currently serving as the general manager in Tunica, and if you award us the certificate of suitability he will become the general manager here and move to this community.

MIKE ALLEN: Thank you, Paul. As Paul mentioned, I will be coming, if we're fortunate enough to be granted this license, I will be coming here as general manager of the property. And I'd like to tell you a little bit about my background. I've been in the gaming

1 industry for twenty-five years,
2 all of my adult life. I have
3 worked for both small private
4 companies and large public companies.
5 Among them Harrah's, Trump and
6 Carnival. And I'd like to tell
7 you a little bit about how I came
8 to the Horseshoe. I met Jack
9 Binion several years ago and Jack
10 explained to me that he wanted to
11 take the Horseshoe brand on the
12 road, he operated very successfully
13 in Las Vegas for almost forty
14 years, and wanted to take advantage
15 of some of the opportunities in
16 the emerging markets. I was very
17 flattered when Jack asked me to
18 join the company. An opportunity
19 to work with an individual like
20 Jack, someone who really does know
21 this business. He's held a key

1 license longer than any executive
2 in the United States today. I'd
3 like to at this point tell you a
4 little bit about our experience in
5 Tunica. I think it will demon-
6 strate our knowledge of the industry
7 and our ability to compete. We
8 were the thirteenth casino to open
9 in that market, a market that is
10 considered by many today to be the
11 most competitive market in the
12 country. Our competition:
13 Harrah's, Boyd Gaming, Bally's,
14 Circus, and ITT Sheraton Caesar's.
15 Some of the most respected names
16 in the industry today. And how
17 did we do? We're currently the
18 number one operator in each market
19 that we compete in. We dominate
20 these markets. As this slide de-
21 monstrates, to the left you can

1 see the figures for the Horseshoe
2 in Tunica. These reflect the win
3 per unit per day per slot machine
4 and how we compare to the average
5 for the State of Mississipi, and
6 then you can see our performance
7 in Bossier City and how that per-
8 formance compares to the average
9 for the State of Louisiana. This
10 next slide again demonstrates our
11 performance on a win per table
12 per day. Again, in Tunica, you
13 can see how our performance levels
14 compare to the averages for the
15 State of Mississippi and, again,
16 how we compare in Bossier City to
17 the averages for Louisiana. This
18 slide represents our market share
19 and as you can see in the Tunica
20 market the Horseshoe operates thir-
21 teen percent of the machines in

1 that market and we generate twenty-
2 three percent of the revenue in
3 that market. In other words, our
4 slot machines generate nearly two
5 times the market average in revenues.
6 This slide represents our table
7 games, market share, in Tunica.
8 We operate eleven percent of the
9 tables in the market. And generate
10 twenty-seven percent of the revenue.
11 Our tables are nearly three times
12 as productive as the market average.
13 Quite an accomplishment when you
14 consider a number of things: We
15 are the second smallest casino in
16 that market, and we operate fewer
17 slot machines and fewer tables
18 than our competitors. This clearly
19 shows, I believe, that bigger is
20 not necessarily better, that better
21 is better. Now, these figures il-

1 lustrate our success. I'd like
2 to tell you how I believe we have
3 accomplished this. I think one
4 of the answers lies in the Horse-
5 shoe commitment to its employees.
6 We provide superior wages and
7 benefits. And by way of example
8 in Tunica, our salaried employees
9 average thirty-four thousand
10 dollars a year. Our hourly employees
11 average ten dollars and eighty-five
12 cents and that includes tips.
13 And to put this into perspective,
14 prior to the legalization of gam-
15 bling in Tunica, the average house-
16 hold income with two wage earners
17 was twelve thousand dollars. We
18 also have a tuition reimbursement
19 program so that any Horseshoe
20 employee who wants to take a class
21 which is related to their job, the

1 Horseshoe will pay for that class.
2 We have a promote from within
3 policy. Horseshoe employees will
4 always be given first considera-
5 tion before we go to the outside.
6 We have excellent training programs
7 which have been developed and which
8 are conducted by our senior manage-
9 ment team. The Horseshoe has a
10 record of providing meaningful
11 opportunities for minorities and
12 women with the company. These
13 figures are for all of Horseshoe
14 Gaming, not just one property,
15 and as you can see minorities re-
16 present forty-one percent of our
17 work force and women fifty-four
18 percent and more importantly, in
19 supervisory and management posi-
20 tions, minorities hold twenty-three
21 percent of those positions and

1 women thirty-nine. I'd like to
2 at this time introduce you to the
3 management team that will be
4 coming here and opening and opera-
5 ting this property. This is the
6 same team that successfully opened
7 our property in Tunica and will
8 come here to repeat that same
9 success. These individuals are
10 responsible for casino operations,
11 security, finance, hotel food and
12 beverage, marketing, and human
13 resources. Their experience is
14 unparalleled. Collectively, that
15 management team has one hundred
16 and seventy years in the gaming
17 hospitality industry and they have
18 opened twenty-nine properties. It
19 is this team that looks forward to
20 taking on this new challenge and
21 becoming a part of this community.

At this time I'd like to present a short video so you can hear from someone other than myself about the Horseshoe philosophy and history of success. Thank you.

(VIDEO PRESENTATION)

I want to tell you a little about the Horseshoe philosophy. It's built upon a strong foundation of always putting the customer first, providing quality and genuine customer value. Back in 1957, Jack Binion started working at the Horseshoe, learning the business from the ground up.

What we always did is gave them the best odds, higher limits, looser slots, bigger jackpots, more jackpots and that's been our stock and trade. This is my home.

1 The Horseshoe is my home. So I
2 want to impress him, I want him
3 to go away with a good feeling.
4 I want this attention to detail;
5 that's what I tell everybody. In
6 1991 Jack took the show on the
7 road. He passed up more obvious
8 opportunities like New Orleans
9 in favor of the best location and
10 the right development.
11 We wanted to see if the
12 Horseshoe would work, the Horse-
13 shoe formula - I guess you'd call
14 it a formula - marketing strategy
15 would work in these other areas.
16 And obviously it's worked very
17 well because we have the best boat
18 and best boat in Louisiana and
19 the best one in Mississippi.
20 It really comes from the
21 tradition that Jack and his father

1 built up around the Horseshoe for
2 the last forty years and that is
3 that if you want it to come to a
4 place they gave you the best value
5 for your dollar, that was an enjoy-
6 able atmosphere, people treated
7 you nicely and treated you well
8 and was good food. You know, an
9 enjoyable entertainment experience,
10 come to the Horseshoe.
11 The Horseshoe's next develop-
12 ment in Mississippi demonstrates
13 another important principal in
14 Jack's philosophy toward develop-
15 ment. The Horseshoe is a long
16 term player.
17 We do think about the long
18 term. We're not conscious or con-
19 cerned about each dollar as it
20 comes in. We really do look to
21 developing relationships with com-

1 munities that we go into, with our
2 customers, with our employees,
3 and we want to be in the business
4 for the long term.
5 The ability to consistently
6 operate a superior casino requires
7 superior talent and leadership.
8 Jack found the best talent and did
9 more than just hire them. He made
10 them partners. People who shared
11 the Horseshoe philosophy of customer
12 service, value and a commitment
13 to hard work. With these principles
14 the Horseshoe has grown to become
15 one of the most successful gaming
16 companies in the emerging gaming
17 markets.
18 What they've been able to
19 successfully do was to transfer a
20 concept that they had in Las Vegas
21 that has worked obviously extra-

1 ordinarily successful for them in
2 the operation of Binion's Horse-
3 shoe in Las Vegas and have been
4 able to successfully translate
5 that concept, that marketing theme,
6 that marketing strategy to emerg-
7 ing markets throughout the country.
8 We feel that Jack's product
9 is a better mousetrap. We feel
10 that it does have the ability to
11 be duplicated in many markets and
12 the ability to be a very strong
13 debt and equity story. All you
14 have to do is go there and you
15 see it. You just have a better
16 box, better .... it's from there.
17 People know they're getting good
18 value from their money. They're
19 getting the best odds, the food is
20 fresh, and good value, the place
21 is clean. All you have to do is

1 go to a Jack Binion facility and
2 go to the place to the right and
3 to the left, and it's a clear
4 choice.
5 They go head to head against
6 such competition as Harrah's,
7 ITT Sheraton, Circus-Circus,
8 Hollywood, Boyd Gaming. These are
9 not lightweights in the gaming
10 world of competition and the
11 stakes are quite high. These
12 markets as I said are very profit-
13 able. They have been able to be
14 number one in both of those markets.
15 To me that really says it all in
16 their ability to translate what
17 they have in Las Vegas to these
18 other markets.
19 And you can look at it on
20 the one per slot, you can look at
21 it on the one per square foot of

gaming space, they crush the competition and for good reason. They have a superior product.

Well, there you have it. A simple philosophy. But it's what makes Indiana and the Horseshoe such a perfect fit.

(END OF VIDEO PRESENTATION)

PAUL ALANIS:

In selecting a single operator for Harrison County may be among the most challenging that have been presented to you. You have four financially capable companies, four substantial developments, four experienced operators, and yet in the end you must decide that one of them rises above all of the others and is worthy of your selection. For the last hour we've made the case for Horseshoe. WE've shown you how worthy and

capable an applicant Horseshoe is. We've told you about our company, our philosophy, our team, our track record and about the development and the economic benefits that we think it will bring to this entire region of southern Indiana. But there are indeed four capable companies that will appear before you today and tomorrow so why Horseshoe? Why Horseshoe above all the rest? There are a number of reasons, clear and convincing distinctions which we believe cause our proposal to indeed rise above the others. Let me share those principal factors with you now. First, the site. It is clearly Mauckport versus Bridgeport. But if you walk the sites, if you drive the sites,

1 better yet, if you listen to the
2 people who know best, if you listen
3 to that community out there, they
4 will tell you the decision isn't
5 even close. The Mauckport site
6 is head and shoulders above the
7 Bridgeport sites. It's the same
8 conclusion we came to two years
9 ago when we studied that same issue.
10 The necessity to make major road
11 improvements, more importantly the
12 traffic congestion that exists
13 today, include with that the issues
14 of topography and flood control
15 that are problemmatic for some of
16 those sites, cause the Bridgeport
17 area to be not comparable or equal
18 in any manner to the Mauckport site
19 that we have. Our Mauckport site
20 is indeed problem free. It is
21 flat. It is buildable. All ele-

ments of it will be flood protected and it has superb access. That access is not just from Louisville; it's in all directions. And it's the kind of access that will enable that site and this development to be a genuine destination resort that will create economic benefit and bring tourism to this area for many years to come.

Second, we are ready to go forward now. Our financing is firmly and completely in place. Our management team has even been selected. You've seen them. And they're ready to move here now. Our governmental permitting process is well under way. As we've told you, a marina development has already been permitted on our property and that permit remains in

effect today, so while we acknowledge that the nature and scope, magnitude of our project will require an additional permit, we believe that the review that our property has already been through will make that process smoother and more expeditious for us than almost any other applicant that's appeared before you.

There are no environmental groups that have problems with our project. That's because there are no environmental issues that will impede or impair the rapid development of this property so that we can begin to generate tax revenues and create economic benefits for this region this year.

Third: Horseshoe is plain and simple the peoples' choice.

We have been endorsed by nine of the ten towns in Harrison County. We have regional support as well. We've been endorsed by Scottsburg in Scott County, Tell City in Perry County and Jeffersonville in Clark County, and we have received literally hundreds and hundreds of people from this community have come to us and said: Horseshoe, how can we help you? We support you. Because they support not only us but they support the concept of a development in the Mauckport area as opposed to the Bridgeport area. As you well know the Task Force has elected not to recommend an applicant to you or even to rank the various applicants. Instead, they have elected to enter into a develop-

1 ment agreement process and we
2 have done that. We have acted in
3 good faith and moved forward and
4 we are indeed the only company
5 that has executed that development
6 agreement as we stand before you
7 today. We have in fact done an
8 agreed, in writing, to live, to
9 do and to live up to every
10 requirement and expectation that
11 has been placed upon us by this
12 County. And that development agree-
13 ment requires us to meet not only
14 the impacts of our development
15 but to compensate and to allow for
16 future development for other things
17 and needs that are important to
18 this community. We are indeed the
19 peoples' choice and it should be
20 no surprise to anyone who is in
21 this community because we have be-

1 come a part of this community. We
2 have been here longer than any
3 other casino company. We've been
4 in this community for almost a
5 year and a half, and from the day
6 we arrived, we began being involved
7 in the community, being involved
8 in civic organizations, and contri-
9 buting to charities and we've de-
10 veloped friendships and relation-
11 ships. Those are the same friend-
12 ships and relationships which we
13 hope to continue and expand into
14 the future.
15 Four: We have presented to
16 you today development and a master
17 plan that will indeed contribute
18 significantly to the well-being
19 of southern Indiana for the long
20 term. This is a development which
21 makes economic sense today and can

be expanded as we grow the market. WE have presented to you a proforma that we know we can and will exceed. We have not thrown at you facts and figures that we do not believe in one hundred percent. We have never made a financial projection to a commission such as yourselves, to the investment community or to anyone else that we have not exceeded by a significant amount. Our reputation for performance, our reputation for integrity and our image in the financial market place is more important to us than any single license. We are here for the long term. Jack Binion has been in the gaming business for almost forty years. You will not hear a promise from Horseshoe that it is

not prepared to keep, and more importantly, is not capable of keeping. As we all know, you cannot spend or invest projections. They're only projections. So you should only judge someone based upon the reasonableness of those estimates and based upon their track record in having done, succeeded in performing what they said they would do in the past and in this regard we believe Horseshoe stands out from the crowd.

Finally, this is not just another development for Horseshoe. This is the development for Horseshoe. It is now and into the future will be as important to our company as it is to the citizens of Harrison County and to the State of Indiana. If approved we

1 will not build this project, put
2 it into some portfolio and move on.
3 No, as we have shown in our develop-
4 ment agreement with Harrison County,
5 our commitment to you is that we
6 will continue to expand and to
7 improve upon this project to keep
8 it fresh and exciting and more
9 importantly to keep it competitive
10 and successful against the competi-
11 tion that at some point in the
12 future is sure to come. I am told
13 the citizens of Harrison County
14 this will be your crown jewel.
15 It will be our crown jewel as well.
16 And we have committed our most
17 important asset, our people, our
18 finest people, to come here, to
19 come to this community. They are
20 anxious to come here to make this
21 project a success for Harrison

County, the State of Indiana, for Horseshoe, for all of these reasons we believe that Horseshoe is indeed the right choice for Harrison County and the State of Indiana. Thank you.

ALAN KLINEMAN: Thank you. And now we'll take a break before the question and answer session. Be back around twenty minutes after 4:00.

(RECESS)

(RESUMED AFTER SHORT RECESS)

ALAN KLINEMAN: If the people who are going to answer the question would first identify themselves for the record and so we can keep the record a little bit better, if they are unidentified.

ANN BOCHNOWSKI: I have a question. The biggest question and I think maybe some other people here on the panel have the same kind of question. You're projecting an annual attendance that is ten percent below the average for Harrison County applicant, and yet you're saying your win will be twelve percent above the average. And you also claim that odds are good as or better odds than other

1 facilities, so I just don't know
2 how that happens. How can all
3 that come together?
4 PAUL ALANIS:
5 Well, let me try to explain.
6 ANN BOCHNOWSKI: Okay.
7 PAUL ALANIS: Let me talk
8 about each one. Let's talk about
9 the win per customer first. I
10 believe on our numbers are an
11 average of fifty-nine dollars on
12 a stabilized basis. We understand
13 that it's higher than the other
14 applicants. Let me tell you why
15 we think that number is both realis-
16 tic an example. First, we dominate
17 the high end of the market in the
18 two facilities which we currently
19 operate in Tunica and in Bossier.
20 We have a broad spectrum of play
21 but we totally dominate that upper

1 end and one of the reasons is be-
2 cause we do give better odds so
3 the more sophisticated player, the
4 person who is playing at a higher
5 level is more inclined to come to
6 our facility than to other facility
7 than to other facilities because
8 they're going to have a better
9 chance to win. So we believe we
10 will get a higher level of really,
11 of the quality play, of the higher
12 level players than maybe some of
13 our competitors would.
14 So that's the first part of
15 it. That we think that the level
16 of play will be at a higher end.
17 Secondly, we do give better value
18 to the customer. Our restaurants
19 are always less price, our retail
20 shops, we leave more dollars for
21 the customer to game with. We be-

1 lieve that that is what has hap-
2 pened in our other facilities and
3 we've looked at it carefully.
4 The average win per customer of
5 the riverboat casinos around the
6 Chicago area is about fifty-eight
7 and a half dollars. We think that
8 the level of facility that we have
9 in terms of the all suite rooms,
10 the quality that we have, the
11 ability for us to market, and our
12 marketing programs and the Horse-
13 shoe name which is known so well,
14 will give us the ability to compete
15 at the same level that those
16 Illinois boats do. We do not
17 think that we're comparable to
18 Evansville or to Missouri boats.
19 We think we are very comparable to
20 the Illinois type of situation.
21 And if you look at Tunica, we do

1 the same revenue per slot machine
2 and we do higher revenues per table
3 games than the Illinois average.
4 So we're able to obtain per machine
5 the same levels that they obtain
6 from, you know, on a customer win
7 basis and so in a cruising situa-
8 tion as well. That's a land based
9 situation to the extent we don't
10 go anywhere, it's a barge. It's
11 open twenty-four hours. And it's
12 clearly the case that in a cruis-
13 ing environment you will obtain a
14 higher win per customer and lower
15 attendance, and that's the second
16 half of your question. Why do we
17 have a lower attendance figure.
18 We think it's a conservative
19 number. We have, if you will look
20 at the applications, one less cruise
21 than all of the other three appli-

1 cants. We think that's the right
2 number. We just don't think it's
3 realistic to have a 3:00 A.M.
4 cruise on a Wednesday night in
5 the winter. And so we also believe
6 you can add a cruise easily if
7 the demand is there, you can add
8 a cruise, so if you look we've
9 got one less cruise and if you start
10 taking the averages and just start
11 applying mathematics, we're gonna
12 end up with a lower number if you
13 will in terms of total customer
14 accounts or passenger accounts.
15 I think that's a large part of it
16 and we feel that in the cruising
17 situation that the ration starts
18 to change. The attendance will go
19 down, the win per customer will go
20 up. Those people are captive there
21 for several hours and since they

1 can't get off the boat, they tend
2 to gamble more and they intend to
3 lose more frankly per passenger.
4 I think if you look at the statis-
5 tics around you'll see that
6 that's the case in the industry.
7 ANN BOCHNOWSKI: So it
8 doesn't matter that your atten-
9 dance is lower and it doesn't
10 matter that your odds are looser
11 but you've got people who are
12 gambling more higher?
13 PAUL ALANIS: Higher?
14 ANN BOCHNOWSKI: Higher.
15 Higher.
16 PAUL ALANIS: Higher. Yes.
17 ANN BOCHNOWSKI: More money
18 is going into the machines?
19 PAUL ALANIS: That is correct.
20 I think that they're gambling
21 higher. They have more dollars

1 when they come, we leave them more
2 dollars and the dock sites and
3 the pavilion building to get on
4 the boat with. Jack's famous for
5 his three dollars steaks and his two
6 dollar breakfasts and I think that
7 we feel very comfortable that
8 those numbers are realistic. The
9 number that we have per share,
10 a hundred and sixty-six million
11 dollars of gaming .... in nineteen
12 hundred gaming positions is equal
13 to the numbers that we're achiev-
14 ing in Tunica with fourteen hundred
15 gaming positions. And in Bossier
16 City as well, we're achieving a
17 hundred and fifty-five to a hundred
18 and sixty million dollars of revenue
19 this year, with again fourteen
20 hundred gaming positions.
21 Question inaudible:

1 PAUL ALANIS: In Tunica we
2 don't know because we don't take
3 counts. Okay. And in Tunica
4 DONALD VOWELS: And what
5 about in Bossier?
6 PAUL ALANIS: Okay. And in
7 Bossier it's in the forties. But
8 let me explain to you why that is
9 the case.
10 First of all, we have a pro-
11 motion in Bossier which has been
12 highly successful for us. It's
13 called The Million Dollar Free Pull.
14 Part of our philosophy. You can
15 come into the Horseshoe in Bossier,
16 walk in, you're a member of our
17 slot club, pull the machine and
18 win a million dollars and you don't
19 have to put a quarter in our
20 machine. We've had two millionaires
21 in the last nine months. I think

1 probably the only two millionaires
2 in Bossier City. That brings us,
3 uh, we know the statistics on this
4 because we're trying to figure out
5 how much this promotion costs us,
6 we have a very good idea, and so
7 our customer counts are up about
8 twenty percent by people who just
9 come in to play the machine and
10 leave again, so that has thrown
11 the numbers off by a good ten
12 dollars per person. And then we
13 are in again in Bossier City, we
14 are in a situation where we have
15 twenty-four operation. We do not
16 leave the dock. So we have a
17 much like the Las Vegas type opera-
18 tion because of the Red River and
19 situation of the lack of navigabi-
20 lity there, the legislature allows
21 the three vessels in Shreveport-

Bossier to remain dock side. That again I believe lowers that win per customer but we are winning about a hundred, at the rate of about a hundred and fifty-five million dollars a year on fourteen hundred positions.

THOMAS MILCAREK: There was one slot, I didn't understand what it meant, per unit, an average per unit. What's it mean?

PAUL ALANIS: Per unit is a slot machine, so that is one slot machine or video poker machine, that is how much that machine wins on a daily basis.

THOMAS MILCAREK: Well, let's go back to what Ann was just asking about this fifty-nine dollar win, your expenses. To sum up the, your prices dock side are so cheap

1 that the customers are gonna get
2 on with that much more money than
3 they would the other way around.
4 Is that the bottom line that they're
5 gonna have so much more money on
6 them..?
7 PAUL ALANIS: Well, no, I
8 don't think -- I think that our
9 customer mix will be, from our
10 marketing strategy, from our direct
11 marketing ability to directly
12 market and I could have Gary Border
13 come up and maybe even, you know,
14 embellish on this. We believe that
15 we are able to attract the type
16 of customer that will generate
17 this type of revenue. Let's....
18 and tell you also a little bit
19 about the market because that's
20 the key. Not -- the restaurants
21 add a little bit. The key is the

1 marketing.

2 THOMAS MILCAREK: Bottom line

3 here is your customers are gonna

4 be wealthier than somebody else's

5 customers?

6 GARY

7 I think more than anything

8 else we win per unit as much as

9 Illinois does. Illinois has like

10 fifty-eight dollars a customer.

11 There's no reason to think that

12 we're not gonna be able to do that

13 since we do it already in Louisiana

14 and Mississippi, we feel like we

15 can do it here also.

16 THOMAS MILCAREK: I thought

17 you said in Bossier City it was

18 lower?

19

20 It is lower but it will de-

21 pict per unit. You can see that

1 our win per unit is just like it
2 is in Illinois. Therefore, we
3 feel like that we can win per
4 customer.... but it does....
5 another thing we don't do in
6 Bossier City, we do not charge to
7 get on the boat. So people come
8 and go and, you know, sometimes
9 we, like you said, come on board
10 they maybe make the million dollar
11 free pull but they're not really
12 a customer, but we put them in our
13 customer account. Have I lost you
14 on that one?
15 THOMAS MILCAREK: No, a couple
16 of years we were real suckers on
17 the win average, but I think
18 we've kind of picked up on it.
19 (SIMULTANEOUS RESPONSES -
20 UNINTELLIGIBLE)
21

1 GARY I'm Gary
2 the head of Corporate Marketing.
3 Did that satisfy your marketing
4 questions or were there other ques-
5 tions you want to ask?
6 MR. MILCAREK: Yes.
7 ALAN KLINEMAN: Well, let's
8 talk about where the boat is gonna
9 be built. Want to tell me about
10 that?
11 PAUL ALANIS: Certainly.
12 About over a year ago we had a
13 number of discussions with Jeffboat.
14 We built a very good relationship
15 with them; Bob Green and all of
16 his staff, and we have even gotten
17 to the point of a letter of intent
18 and a contract, drew up a contract
19 to have our boat built at Jeffboat.
20 That's what we wanted and that's
21 what we still want. A few months

1 ago they told us that they had
2 made a corporate policy that they
3 had a big backlog and, you know,
4 the types of barges that they were
5 building, and that they decided
6 that they did not want to build
7 any casino vessels that were more,
8 a hundred feet in width or more.
9 So, if we were to be awarded a
10 certificate of suitability, it's
11 my intention to go back to Bob
12 Green, try and convince him to
13 change his mind because we want to
14 build this boat in the State of
15 Indiana and we think Jeffboat is
16 one of the most competent ship-
17 builders in the country. If he
18 won't change his mind or he can't
19 change that decision, then we will
20 have our boat built in the State
21 of Louisiana. Our policy is to

promote industries in the states where we operate.

ALAN KLINEMAN: I guess this might be for Jeff, the retail development, if you would tell me a little bit about that and what's the Simon connection with that program?

JEFF COHEN: Steve Simon is investor in associate gaming. We have determined exactly what's gonna be in the sixty thousand square feet yet, whether to make a child care facility and medical clinic that we talked about earlier, Simon property groups....

ALAN KLINEMAN: And the police station.

JEFF COHEN: And police substation. Simon Property Group is basically, uh, Herb Simon has agreed

1 that they will assist us in what-
2 ever way that we need. So
3 whether we have a formal relation-
4 ship with them where we actually
5 hire them to lease out the sixty
6 thousand square feet and to help
7 us construct it, or whether we
8 just do it generally, and that's
9 kind of where it stands. We have
10 his absolute commitment to do what-
11 ever is necessary to make this a
12 sixty-thousand square foot .....
13 facility.
14 ALAN KLINEMAN: Inaudible.
15 JEFF COHEN: Yes.
16 ANN BOCHNOWSKI: Can you --
17 I know you've talked about this
18 during the presentation but I want
19 to make sure I understand, talk
20 about your cruising path, how far
21 out it can go?

JEFF COHEN: Certainly. Some of our consultants are here and I think ..... is here and he can do this specifically.

WE have several charts here that show our cruising .... This is our current site right here. The vessel will back out of its slip, it will go up river approximately two miles, it will then turn around here and our cruise route continues and we have another chart here that shows that our cruise route will continue all the way up to this point in the river right here at about mile six forty-five. At mile six forty-five she'll come about and will come back down river. She can

cruise past the site all the way down, a total of five point five miles from here to here. Here we have over nine hundred feet wide in the river. She can come about there and turn back and come a-round. So, as Cliff said earlier, our total cruise route is almost eleven miles long. This is actually a true cruise route. We will have one of the absolutely cruising vessels in the State of Indiana that can cruise all within Indiana waters. Additionally, I'd like to point out that we've been before this Commission before and worked on several riverboat projects, and this is the safest site that we have looked at for several reasons. Number one: As you can see we have a lot of area to maneuver in

the cruise. Number two: There are no barges fleeted up river for almost twenty miles. Number three: Very little recreational traffic in the area. Number four: There is no commercial traffic that operates on a local basis, local commercial traffic. Now, there is a fair amount of traffic that passes through the area, but that shouldn't impact the operation, and therefore, we believe it's a very, very safe cruising site.

ANN BOCHNOWSKI: Why do you suppose -- was there only one site to do that -- why has those other companies chose not to -- I just can't read peoples' minds.

JEFF COHEN: I can't really answer for other companies. All I can tell you is this is an ideal

1 site for cruising and as you can
2 see here, it's one of the widest
3 spots in the river in the whole
4 State of Indiana, so the vessel
5 can come about and actually turn
6 on both the up river and down
7 river portion of the cruise
8 route.
9 ANN BOCHNOWSKI: When you
10 say "turn"..
11 I mean come
12 about, that, instead of backing up
13 going forward and backing up. We
14 actually get to turn all the way
15 around and cruise just like the
16 boat should with the bow going in
17 one way instead of backing up...
18 ANN BOCHNOWSKI: I'm not
19 used to that.....
20 Well, and
21 that's why I say this is one of the

1 nice advantages of this site, that
2 it has an awful lot of water,
3 which as you know is the premium
4 in Indiana.
5 JACK THAR: If I may, are
6 you creating a pleasure boat issue
7 by developing the marina?
8 Good question,
9 Jack. We don't believe we're
10 actually creating an issue. We
11 believe that, uh, one of our re-
12 commendations would be to
13 separate the small vessel marina
14 from the casino vessel, and Horse-
15 shoe has absolutely taken that
16 under consideration right now to
17 separate the two.
18 JACK THAR: Well, let's go
19 back just a little bit. Two de-
20 signs that we've seen up on Lake
21 Michigan, the coast guard and the
coast guard primarily has taken

1 under, major safety issue with the
2 casino boat will be an attractive
3 nuisance, for lack of a better term,
4 to recreational boaters which the
5 marina has shown that seems to
6 cost, but the other thing is you
7 have an area there where there is
8 no marina, you're creating a
9 marina which means that you will
10 increase pleasure boating if, uh,
11 where you're saying there isn't
12 much now. Is this well thought
13 out?
14 It is well thought
15 out and it's a good point. The
16 reason I think this is different
17 than I'll refer to the Michigan
18 City site, is you only have a small
19 area for these vessels to cruise.
20 This is similar, if you would just
21 look at Evansville, and you look

at it with a marina, this is a marina that's there and yet there is very little interaction between the two. One of the things that we would do here is conduct boater safety classes and educate them on the difference between the two, but we would try and limit that so we didn't mix much. Additionally, when we did our research and completed our marine site risk assessment we found that there was very little traffic in the area anyway because a lot of them really fish on bass lakes and everything else; we believe that people will park their boat here and we believe that people will use them, but we also believe that because of we will educate them about this vessel and the interaction between the two

we don't believe will create a problem.

JACK THAR: Is it possible to re-design a second opening?

PAUL ALANIS: We were actually talking about that and we're working with Cliff on that to do that so we would keep the two separate, and that was one of our concerns also, yes sir.

CLIFF KORTMAN: I'd like to address one further aspect of that because we have become aware of this issue and I think Rising Sun as well as the, uh, in the Hammond area, and we believe we can re-solve this with the coast guard, but should we not be able to get that resolved in terms of having that marina, rather than change our project now, because we believe we

1 can get the job done, it's our
2 proposal that if it should be a
3 problem we would do -- we would
4 take the money that would be saved
5 from not doing the marina and put
6 it into some other element of the
7 project, or alternatively contri-
8 bute into the foundation that we've
9 established for Harrison County. It's
10 not our intention to create an
11 element of our project which maybe
12 doesn't have ultimate feasibility
13 because of a regulatory problem
14 and then to put those dollars in
15 our pocket or whatever. Secondly,
16 you can be assured that we will
17 not let that, the additional marina,
18 slow down the development of the
19 area that's needed to get the
20 riverboat, the gaming facility and
21 the rest of the facility in opera-

tion. We will not delay in any way, shape or form our going into business. So I think that's -- in other words, we're not going, we're not gonna let the marina situation slow us down in terms of getting -- 'cause we can keep that out enough, get the riverboat in there and to create the channel and the like and we can start on the others. We're not going to let the marina situation delay the entire project. That's number one final assessment.

ANN BOCHNOWSKI: What was your rationale if the boat .....

CLIFF KORTMAN: It had already been approved for a marina and we thought it was a really nice amenity and in fact, this project originally was believed

that it had feasibility as a commercial marina, and we thought it was a great idea; it added to the destination resort concept that we always wanted to have here, so we felt that we could accomplish this. I mean the Corps of Engineers had approved it for a marina, now it's only a coast guard issue, and as John said, we think we can resolve those coast guard issues. It's not a Corps issue.

ROBERT SUNDWICK: It seems to me there's enough people on the river that deal with pleasure boats going up and down that river, that shouldn't be a problem. I'd hate to see you, you know, to reduce that marina and to none it would not really pursuing the....

CLIFF KORTMAN: That's in-

deed our objective. We intend to build that marina and my only point was that if for some reason the coast guard absolutely said no, there's no way, then we would do the other. But we will look at alternatives like Cliff has just discussed before we abandon the marina. We want the marina.

ROBERT SUNDWICK: Can you tell me how far the distance is for somebody between I-265 and 65 from Louisville to here at the bridge?

PAUL ALANIS: From Louisville to our site, exactly?

ROBERT SUNDWICK: The 65 - 265 interchange south of Louisville to the bridge. Does anybody know the approximate distance?

PAUL ALANIS: I have some ideas but I'll give you the exact.

1 I've been told what I believe to
2 be about thirty....
3 ALAN KLINEMAN: Is that the
4 way you would think that the
5 Louisville customers would come,
6 this what we call the south route
7 Kentucky across the Matthew E.
8 Welsh Bridge?
9 PAUL ALANIS: Well, we think
10 that the ones that are in western,
11 the western portions will come
12 that way, but, no, we think the
13 people who are in those eastern
14 suburban areas will come, you
15 know, through Indiana, but that's
16 not what we, you know, we don't
17 think they'll come through Ky.
18 Come on the Interstate and then
19 down on 135.
20 ROBERT SUNDWICK: Does any-
21 body -- how far is it?

PAUL ALANIS: About thirty. It's thirty minutes travel; we think it's about thirty miles.

ANN BOCHNOWSKI: Yes. That road seemed a little windy, that I guess is 35.

RESPONSE: 135.

ANN BOCHNOWSKI: 135. I'm not from here so I don't know the numbers. It seemed a little windy and hilly. Was there -- what improvements exactly are you talking about for that road?

PAUL ALANIS: I'll let Cliff address that because that's his area of expertise.

CLIFF KORTMAN: I think that you're referring to is State Road 11.

ANN BOCHNOWSKI: No, that's the one over by Bridgeport. The 111 or..

CLIFF KORTMAN: The one that is real windy that comes through the back way to the site is State Road 11. That is a windy road.

ANN BOCHNOWSKI: All right.

ALAN KLINEMAN: I think she is referring to 135. We did not come on 11 yesterday when we went to the sites.

CLIFF KORTMAN: From Interstate 64 onto 135 via the Corydon bypass it's almost a straight shot.

ANN BOCHNOWSKI: Okay.

CLIFF KORTMAN: It's not a windy road at all.

ANN BOCHNOWSKI: Okay. Well, we went on some windy roads; maybe it wasn't that one. Okay. So what, well, okay, so you're saying you don't feel like there's too many improvements that need to

be made there?

CLIFF KORTMAN: There is an improvement at the interchange at the our, the interchange at the site.

ANN: Right.

CLIFF KORTMAN: Right now, I'm not sure that ..... but there are some improvements that are planned in Corydon where the Wal-Mart is. There's another intersection, we've added, uh, we think that there's some signalization that needs to be done there.

ANN BOCHNOWSKI: In fact, we did hear that there were problems that, 'cause there's already accidents at that spot.

CLIFF KORTMAN: Right. That road construction and the traffic signalization is not completely

completed today. There's one more
traffic light and one more road-
way that will intersect with State
Road 135. We did a traffic study
based on that type of theory and
all the other type here that's
important to the area, and very
normal working out, very normal
conditions, all of the intersec-
tions operated on a level of service
as defined by the Indiana Depart-
ment of Transportation.

DONALD VOWELS: Do you mean
crowded or high.....

CLIFF KORTMAN: I mean

During the absolute worst
case scenario, there are a couple
of intersections that you do have
to be a level of.....

That's one hour a week.

ALAN KLINEMAN: Okay, along the same lines, what are you gonna do to spread it to, you know, to handle any of the cost involved of creating that for 135? If you can answer..

CLIFF KORTMAN: We have a budget line item in our proposal and actually in the application that shows infrastructure and road improvements. The approach at the project, the lighting at 135 will be done out of the development budget, that's at Horseshoe's cost, also the infrastructure changes at 135 and Lopp Circle Road will be done at Horseshoe's cost and of course all of the interior improvements will be done at Horseshoe's cost.

ALAN KLINEMAN: I'm talking more about the Corydon, uh, 64 I-64 area that we come in, the area that we've been talking about.

CLIFF KORTMAN: Right.

ALAN KLINEMAN: Are you going to....

CLIFF KORTMAN: Currently, we do not have any plans to alter any of those intersections or change the level of service that is apparent today at those intersections.

ALAN KLINEMAN: There is this one particular intersection I remember that has a left turn lane and right turn lane and only one through, really, it would be restricting traffic.

CLIFF KORTMAN: I do understand your concern and we also have

the same concern.

PAUL ALANIS: The simple answer to your question is: We have sent a letter to the Harrison County Task Force indicating to them that if there is a problem at that intersection we will pay for it. We have, from the Task Force meeting that occurred a few weeks ago, we realized that that was an issue to the community and after that meeting we sent them a letter and said: If it's a problem, if it turns out to be a problem, we'll pay for it to be altered.

ALAN KLINEMAN: Along the same lines, what sort of commitment have you made to the community in respect to emergency response equipment and so forth items to be

1 used for emergency?

2 CLIFF KORTMAN: There are

3 a number of levels of that and I'll

4 try to address some of it.

5 Because it is of a concern to us

6 as well. From a, uh, there are

7 a number of different elements of

8 it and let's talk about each --

9 by the way, as it relates to the

10 vessel itself, we are going to

11 have a paramedic on board that

12 vessel, that is something which

13 Hornblower had recommended to us

14 previously. It is something that

15 they, that's why we have them

16 and that's, uh, so we are going

17 to have a paramedic in terms of

18 that. We have had contact with

19 the facility in nearby, uh, the

20 Jewish Hospital Health Services.

21 They are very close by in Branden-

burg, and back a couple of weeks ago they had written to us and supported our project and said that they would be available for emergency response and hoped that we could work with them. They are only a matter of minutes away. They have trauma center. We have a trauma center here in Corydon which I believe has sixty-five beds. I'll have Jack come up and talk about a couple more particularly on medical also.

JACK Thank you, Paul. Yes, Commissioner, when we first did our marine site risk assessment that was one of the areas that we had concerns about, the same as you folks do, was to make sure our guests on board are safely taken care of. We have

1 looked at several different aspects,
2 just like Paul said. The first
3 we can respond to in medical emer-
4 gencies -- first of all, when we
5 talked this morning about the
6 number of EMT's and everything
7 available, we met with Gary
8 Klineman who is the manager of
9 Emergency Medical Services for
10 Harrison County, and Gary informed
11 me that there is over one hundred
12 EMT's in the county that can res-
13 pond in a matter of twenty to
14 thirty minutes. Additionally, we
15 have the hospital, a sixty-five
16 bed hospital in Corydon, we have
17 three ambulances with EMT's that
18 are available, they're gonna have
19 an extra paramedic that will join
20 the staff in July of '96, there
21 are six ambulances that are avail-

1 able in Jeffersonville, there are
2 six ambulances that are available
3 in Louisville. There's two medical
4 evacuation helicopters available
5 from Stat-Flight in Louisville,
6 there is one medical evacuation
7 helicopter available from Jewish
8 Hospital in Louisville. There is
9 another one medical evacuation
10 helicopter available from Methodist
11 Hospital, Indianapolis. Addition-
12 ally, the Meade County Health
13 Center, which is just across the
14 river in Brandenburg, has twenty-
15 four hour access. They're there,
16 at least can call a doctor, they
17 have .....there. One of our con-
18 cerns we talked about all of these
19 is that we felt that and Greg Reas
20 also did reference to emergency
21 management services, concurred that

1 there are the resources here. We
2 simply have to put together mutual
3 agreements and eveything else,
4 and one of our concerns it since
5 we're on a longer cruise route, we
6 talked about this morning and you
7 heard Greg say: We can respond in
8 twelve minutes. And some people
9 said: Well, is twelve minutes
10 enough? Well, we found that when
11 we did our emergency disaster drill
12 up in Evansville, as we would do
13 here, we would write a complete
14 emergency disaster plan and then
15 we would really put our money
16 where our mouth is and show this
17 plan works, we can do a large drill,
18 but we found when the vessel needed
19 assistance, it took us over seven-
20 teen minutes for our trip to get
21 there and then approximately a half

1 hour to get in, which meant the
2 ambulances, the fire department
3 and everything, they were there
4 waiting for us. So one of the
5 things we looked at here, and Dr.
6 Ross brought it out this morning,
7 is that if we have someone on
8 board and they need attention, is
9 an EMT enough. We said: No, an
10 EMT probably is not enough. Let's
11 put a paramedic with all the re-
12 quired equipment on board. And
13 we talked about that, that Cliff
14 informed and they supported that.
15 Additionally, we said if we really
16 need to bring the vessel in or
17 even use one of our rescue boats
18 to get that in, and there's heli-
19 copters in the area, we supply a
20 place for them to land and said
21 we will build a heli-port just

adjacent to our facility so an emergency helicopter could land. So we believe that we have covered the medical emergencies. Now, if we, when we do our complete study, if we find out that there is not enough resources available, Horseshoe would absolutely be willing to sit down and discuss what it is we need to do.

ANN BOCHNOWSKI: Did I hear you say that in that retail facility there would be a medical center also? Was that mentioned?

JOHN : Yes. And we need to talk about fire I think too. But in the retail center, we've had discussions with some of the local doctors and we have had, really for the convenience of our customers and because we're

1 going to have a lot of hotel guests
2 there, and it makes sense to have
3 members of the community nearby
4 and locate their office. There
5 are several doctors who are inter-
6 ested in doing that. We would
7 have a, like an urgent care center,
8 think that that makes sense, makes
9 sense to them, it's a good place
10 for them to locate. We'll bring
11 them a lot of potential patients
12 there, and so that's, we would
13 have some type of an urgent care
14 facility in the retail area.
15 ANN BOCHNOWSKI: Was that
16 just recently added based on our
17 questioning of it?
18 No, we've always
19 considered it..
20 ANN BOCHNOWSKI: That wasn't,
21 you know, in the ...

1 I understand that.
2 And we've always considered -- we
3 have the child care element. We
4 have been talking to the people
5 here for months in terms of the
6 woman -- there's one woman here
7 who does child care who we've
8 talked about to see if she can do
9 a child care facility. We've had
10 discussions with these people. Our
11 local representatives have been
12 working on these things for a long
13 time.
14 ANN BOCHNOWSKI: And then all
15 of this that you're talking about
16 on the boat, the helicopter land-
17 ing and everything, is that just
18 a recent addition today because
19 of our questions?
20 Well, the heli-
21 pad is something that he asked us
today. That is something today

1 that we've considered, and he said
2 to us: What about the heli-pad
3 somewhere and we said of course
4 we, it would be easy to. That,
5 the heli-pad is something we dis-
6 cussed today as an alternative.
7 But it's something -- we are on
8 an ongoing discussion with people
9 at Hornblower because we are in-
10 terested in safety. We are not
11 interested in saving dollars at
12 the risk of someone's health. I
13 think our commitment to Harrison
14 County and the development agree-
15 ment that we've signed and the
16 dollars we've committed there do
17 way more than what our impacts are,
18 demonstrate the fact that we're
19 not penny wise and pound foolish.
20 We're here for the long term and
21 we want to protect this community

1 and our customers. So if they
2 come up with better ideas we'll
3 adopt them, and that heli-pad is
4 one that we did adopt, but many
5 of these other things we've been
6 considering for months. This is
7 a serious issue because they're
8 volunteer fire departments here,
9 their equipment is minimal, we
10 will have the, you know, the water
11 supply so that's not going to be
12 an issue and we've agreed to spend
13 a lot of money to do that. We will
14 but, but everyone will be doing
15 that, have state of the art fire
16 suppression systems in all of our
17 buildings sprinklers and the like,
18 but we still recognize the need
19 to deal with this problem and we,
20 one of the reasons why we acceler-
21 ated some of our payments to the

County, we accellerated five point seven five million dollars for payment of the foundation was originally gonna be one, and then four point seven five. We agreed to accellerate it all. We accellerated a million, one point seven five million in revenue sharing up front. To be up front. That was the, after discussions with them that they needed these improvements to be done now so that they could be available when we opened. We anticipate plans the County will be doing that. The County has our commitment but it will be done no matter what. If they need our continued assistance we will provide it. If it means a fire truck or whatever it means we're prepared to provide

1 that assistance. As I said,
2 we're not in a situation where we
3 want to have something that is a,
4 that is not a hundred percent safe
5 situation for our customers and
6 for our employees and for the com-
7 munity.
8 JOHN [illegible]: And if I
9 could, Commissioner Bochnowski,
10 I need to fall off for just a
11 little bit. Part of the reason
12 that some of this has come up in
13 the last several days is that it
14 is the first time we've had the
15 chance to meet face-to-face and
16 really discuss at length some of
17 our recommendations even though we
18 just, we provided a report to them
19 last week, but so we get to take
20 some of the blame for that just
21 because it was the first time we

1 had a chance to meet. So, uh,
2 and they were not just one up being
3 and say, oh, he did this, and so
4 I'll throw this in the pot, but
5 we you can see that our recommen-
6 dations were in there and in print.
7 We'd like to address the fire
8 issue on board the vessel first,
9 and we've sat down with Commander
10 Bruce Branham, who is handling the
11 report, in Louisville to discuss
12 this issue and as well as several
13 other safety issues several weeks
14 back. I will tell you that fire
15 on board the U.S. Coast Guard
16 approved passenger vessel is not
17 really a big issue for the coast
18 guard and for several reasons. I
19 think one thing that I'd really
20 like to point out is that we basi-
21 cally carry our own small fire de-

1 partment on board. On our interim
2 vessel, we have two fire pumps,
3 independent, and separate engine
4 rooms that equal out to about
5 three hundred and eight gallons.
6 We have thirty-two fire stations
7 each with fifty feet of inch and
8 a half hose plus the applicable
9 multi-purpose nozzle and a fire...
10 All the officers must before they
11 can get their coast guard license
12 have to go to a U. S. Coast Guard
13 approved marine fire-fighting
14 school. In addition to that, we
15 are required to do weekly drills.
16 In most cases we do daily drills
17 on a fire drill. And, additionally,
18 the coast guard comes out every
19 quarter to make sure that we, uh,
20 they do a quarterly inspection
21 and during that time period we
perform or conduct a fire drill

1 for them. And it's an ongoing
2 thing so in addition to being
3 trained, we also provide them with
4 full turn out gear and self-con-
5 tained breathing apparatus.
6 Because as mariners we're used to
7 going out to sea where there is
8 no fire department, so we've really
9 become self-sufficient if you will.
10 Now, that doesn't mean that we
11 say we don't need help from any-
12 one else because we absolutely do,
13 but what I would like to point out
14 is that from the vessel site,
15 the vessels are constructed at a
16 very, very low fire rules - three
17 pounds per square foot. You have
18 eighty-six people a head which
19 means that if a fire breaks out on
20 one deck, we should be able to
21 contain that fire on that deck for

1 over sixty minutes. Usually, in
2 sixty minutes, because we operate
3 very close to the bank, we can
4 pull into the bank and there's
5 several places along the Mauckport
6 area where we can, to let our pas-
7 sengers off, continue to fight the
8 fire with assistance from the local
9 firefighters, and even tho there
10 is a volunteer fire department
11 here and there's one in Brandenburg
12 and several on the outlying areas,
13 there are those resources. Now,
14 the brand new vessel will be equipped
15 with with a sprinkler system, a
16 heat detection system, smoke detec-
17 tion system, as well as the av...
18 system, and basically, all of the
19 bells and whistles. I think if
20 you look at the casualty data you
21 will see that out of seventy river-

boats in operation there has not been a single fire that really affected anyone where it had to have a huge evacuation and part of this is because of the rigid construction guidelines that these vessels have to meet. And does that satisfy your question as far as fire? We will sit down with Ray and the local fire department in our management plan and integrate a communication system as well as response system so that they can respond to our -- and respond and assist us. And if we determine that we need additional resources then we will discuss that with them.

ANN BOCHNOWSKI: So we might get some additional ..... in talking to the County?

Yes. We've looked at things preliminarily and Binion has already said that, excuse me, Horseshoe has said that should we need a fire truck on the scene right there he will be glad to support that.

ALAN KLINEMAN: Along the same lines that Mr. Thar asked his question to you as far as applicant suitability, if we would as part of the certificate of suitability, require you to do some things on infrastructure or safety, fire, police, etcetera, you would look at those and give them serious consideration, but what I'm thinking about is in answer to some of the questions I sometimes hear we're prepaying some of the monies we might owe for revenue sharing or whatever.

I think that you'll find that the local entities have already, in their own mind, anticipated that income to come in over a period of time and they have places they're gonna put it and then all of a sudden they hear, two years from now: Well, we've paid that and therefore you can't do the part thing you expected to do or whatever, I myself would like to see you roll some of these costs into your initial costs of starting up rather than use in anticipation of .....

JACK BINION: Mr. Chairman, you have me committed on film. You saw me there in that video say that Horseshoe doesn't watch every dollar that comes in and that we have a commitment for the community

that we're in, so my answer to that question is quite clear. We would, of course, we're willing to consider any of those and we have done so in the development agreement and that, it doesn't stop there. We believe that this is an ongoing process with the community where we will continue to identify changing needs and we will be willing, continue to fund additional needs as they arise. We don't want to go through a process of discussion with that and find the best way to do it, but I think you will find in the development agreement that we signed, we agreed to do things that were well beyond the impacts of our study. I'm sorry, of our project. And I think it reflects our attitude that, you know, if it's important to the community -- this is a two hundred million project --

we're talking about, you know, one percent or two percent of that in all of these things. It's not the end of the world. We need to be in this community for a long time and we want to, you know, help meet the needs as we should.

ALAN KLINEMAN: Thank you.

DONALD VOWELS: Is it my understanding that you're the only candidate if you will that has an agreement with the county signed, assigned?

JACK BINION: Well, I believe that to be the case although I don't know that. I mean, let me put it this way, we were the first to sign, I know that. And I know all of the negotiating--

MR. VOWELS: It's stated as of today....

JACK BINION: Right. And I know all --

MR. KLINEMAN: Stated as of today and was only signed if by Horseshoe, I don't think it's been signed on behalf of.....

JACK BINION: We signed. And I'll bet there will be a few others signing real soon.

MR. KLINEMAN: The issue of time standing.....might have found out that this -- was my understanding with .....

JACK BINION: I hope we only set the leadership but I don't think we'll be alone in having signed.

DONALD VOWELS: In reference to your temporary boat, what's the status on that? Do you have something lined up?

1 JACK BINION: Yes, indeed
2 we do. We have a purchase con-
3 tract which we have put up over
4 two hundred and fifty thousand
5 dollars in non-refundable money
6 to purchase a boat which is com-
7 pleted and is sitting in Louisiana
8 right now. That boat is similar
9 to the vessel which we currently
10 operate in Bossier City. And it
11 would contain about fourteen hun-
12 dred gaming positions, that's two
13 hundred and ninety-nine by two
14 ninety-four foot by seventy-four
15 feet. It is finished. It needs
16 to be outfitted with gaming equip-
17 ment and built to its dead weight
18 survey, it could be up here in
19 sixty days, and we could close it
20 the day after we got the certifi-
21 cate of suitability. In fact, we

are required under our contract that we need to close it, so we would do so.

THOMAS MILCAREK: What about the temporary facility. I assume it will be in the same spot that the one is in?

CLIFF KORTMAN: I'd like to let address that, but yes, essentially.

Our plans are to berth the temporary vessel inside of the marina as we have mentioned before, the marina site already has the Army Corps of Engineers permit; however, modification to that permit will be required to moore a gaming vessel there. We have already applied for that modification. And just adjacent to that berthing site,

will be a temporary building, a temporary parking lot.

THOMAS MILCAREK: What will the temporary building be like? Will it be like the temp in Evansville?

CLIFF KORTMAN: It, fund wise is how quickly they can get a certificate of suitability... Our commitment is to have a temporary land based facility when we build the temporary vessel here. Six months.

THOMAS MILCAREK: And can you describe this temporary facility?

CLIFF KORTMAN: I just apologize because I have not seen that temp facility in Evansville so I'm not sure what that looks like, but we would either supply one of

1 those temporary tent facilities
2 or we would provide a temporary
3 building.
4 ANN BOCHNOWSKI: Of course,
5 you understand even though it's
6 a temporary site, you would still
7 have to get the Army Corps....
8 CLIFF KORTMAN: Absolutely.
9 Yes ma'am. There is actually, we
10 have done three things with the
11 Army Corps of Engineers. As you
12 know there is existing permit,
13 there is the modification to the
14 temporary gaming vessel, then
15 there is the final Corps permit.
16 We do understand that we have to
17 have the temporary site.
18 ANN BOCHNOWSKI: Basically,
19 they said that takes as long as
20 the permanent.
21 CLIFF KORTMAN: We've made

application for the temporary... and facility.

DONALD VOWELS: How many acres are we talking here, the riverfront property that you all have a, is there an option on it, do you have to purchase it?

CLIFF KORTMAN: We have forty-two acres under the river-front property.

THOMAS MILCAREK: And at Mauckport, how many acres of riverfront at Mauckport -- you are saying you have forty-two -- would you have left, do you know?

CLIFF KORTMAN: We are still .....for calculation.....

MR. MILCAREK: How long have you had the option?

CLIFF KORTMAN: Hang on for one second. Let me have him ad-

dress the Corps issue real quick.

MR. MILCAREK: Okay.

LEE MCKINNEY: I'm Lee McKinney, I was commissioned to the Corps of Engineers upon graduation from West Point, and served twenty-four years and three months, and had the good fortune to have three assignments in the civil works field where I did a lot of Corps digging. Since '82 I've had my own firm and have engaged a lot of ..... Corps permitting, coast guard and environmental work. If I could clarify the permit situation which is somewhat confusing. In September the 3rd, 1993, the Corps issued a permit to Riverside Marine Associates to build a, to dig a harbour, and install an operating marina. The State of

1 Indiana also issued two work per-
2 mits; one to dig the channel and
3 one to dig the harbour, and allowed
4 the permitee to place fill material
5 on the land side to elevate the
6 area of both the owners or .....
7 owners. We have recently sub-
8 mitted a modification to that
9 existing permit, asking that we
10 be allowed to reduce the size of
11 the harbour to a smaller foot
12 print and to move a sixty foot
13 channel somewhat upstream and
14 provide a two hundred supply
15 channel which would accommodate
16 the gaming boat. And that is not,
17 does not permit the gaming boat,
18 because that area is essentially
19 environmentally clear, that com-
20 plete environmental clear except
21 for the requirement to do a phase

III archaelogical resource which we have recently submitted the plan to the Corps in the State, seeking their approval and then we can start work on that.

All right. If I could go into it a little bit more, the Phase I Archeological survey is what you must do initially. Depending on what you find, you may be required to do a Phase II and later on a more detailed Phase III digging, encouraged by all the architects. We are at the final phase on the existing forty-two acre site. So I would anticipate that the Corps, once they decide to process the modification requested existing permit, we would be in a position to coordinate river agencies and issue a permit

modification in as little as sixty to ninety days, which means construction of the harbour in the entrance channel could then begin. To bring in the temporary boat and temporary mooring facilities, the Corps is instructed us we need to acquire a new permit. We have applied over two weeks ago for that new permit. We've applied to do the work in three phases:

Phase I would be the work necessary to put the temporary mooring facilities in, for the temporary boat to operate, and to put the temporary land site opposite to include a parking and pavilion structure, where ever it might be, and start work on the waste water treatment plant.

Phase II would be to provide

the permit..... Also that thirty-two acres which as I said is environmentally clear except they are doing the Phase III .....

And then Phase II would be to do the work north of Highway 11 which would include a commercial retail center and golf course.

Discussion inaudible.

THOMAS MILCAREK: It shows that the green that .....

That's correct. By Horseshoe.

THOMAS MILCAREK: That is controlled....?

That's correct. By Horseshoe.

MR. MILCAREK: So all of the green you have the option on?

CLIFF KORTMAN: That's correct.

THOMAS MILCAREK: And then the red, you're working on that?

CLIFF KORTMAN: We've been working on it, yes sir.

ANN BOCHNOWSKI: That last one is always the most expensive.

CLIFF KORTMAN: I think in our situation though it's not essential to our project.

THOMAS MILCAREK: What's that gap in between the two.....?

(Discussion between the Members and Kortman)

CLIFF KORTMAN: Okay. This is Mauckport and what we wouldn't want to do is take away the frontage of Mauckport. See, this is the community of Mauckport right in here.

THOMAS MILCAREK: And how long is that that's green down to

where your.....?

CLIFF KORTMAN: You can see that there's a scale on there. There's the mile marker scale. So, it's approximately just over a mile.

THOMAS MILCAREK: And how long have you had that option?

CLIFF KORTMAN: We've had an option on over four hundred and fifty of the acres for over a year.

THOMAS MILCAREK: Okay. And is this four hundred and fifty or would that extend?

CLIFF KORTMAN: The total, the total amount of property under option is six fifty.

THOMAS MILCAREK: Well, I guess my question, the whole bottom line to my question is if one of

1 the other applicants wanted to be
2 in Mauckport, is there any place
3 where they could have gone?
4 CLIFF KORTMAN: I don't
5 think so.
6 DONALD VOWELS: On the temp-
7 orary boat, how many slots would
8 you have? You said fourteen hun-
9 dred gaming .....how many pay
10 persons.....
11 CLIFF KORTMAN: We anticipate
12 probably a little bit more than a
13 thousand. We would probably have
14 something in the order of fifteen
15 table games.
16 DONALD VOWELS: What would
17 be the capacity of that boat?
18 You said fourteen hundred positions.
19 How many pay persons would get
20 on that boat?
21 CLIFF KORTMAN: About twenty-

two fifty.

DONALD VOWELS: So at two thousand, would that be a ..... Also, of the eighteen hundred new jobs that would be created, what is the approximate pay scale of those jobs?

PAUL ALANIS: Well, I think they would be very comparable to what we have in our other facilities. Maybe Mike can -- he's gonna be running them, so he can address that.

MIKE ALLEN: As Paul mentioned I think we probably see some figures that are comparable to what we pay in Tunica and I think, because I mentioned earlier the average salary for our employees is approximately thirty-four thousand and the hourly rate for hourly

1 rated employees averages approxi-
2 mately ten dollars and eighty-five
3 cents; that includes tips, so for
4 those people who work in the
5 restaurants, uh, cocktail waitresses,
6 dealers, anyone earning tips, that
7 would be included in that average.
8 ROBERT SUNDWICK: Is there
9 any profit sharing or 401-K or
10 anything like that?
11 MIKE ALLEN: Yes, we do
12 provide a 401-K Program with a
13 fifty percent match by the company.
14 ROBERT SUNDWICK: Any type
15 of insurance?
16 MIKE ALLEN: Yes, medical,
17 dental, vision, ninety percent of
18 the premium paid by the company,
19 ten percent by the employee.
20 DONALD VOWELS: Must you be
21 a full-time employee to receive

this?

MIKE ALLEN: Yes, you have to be a full-time employee.

DONALD VOWELS: What do you consider a full-time employee, hours per day?

MIKE ALLEN: Well, right now, in our Tunica property, I believe we only have about ninety employees. Of the over seventeen hundred that we employee that are part-time, those would be people who work less than thirty hours per week.

ALAN KLINEMAN: Before we go away, on the breakdown between salary and hourly, the salaried people would be supervisory type persons; is that right?

MIKE ALLEN: Yes. That is correct. Approximately fourteen

hundred of our employees in the Tunica facility are hourly.

ALAN KLINEMAN: Okay. Fourteen hundred out of seventeen hundred?

MIKE ALLEN: Yes sir.

ANN BOCHNOWSKI: I have a question: Let's assume that in our infinite wisdom we put a boat in Crawford County and your boat is in the Mauckport area, and Crawford County seems to be much more accessible from the interstate. What would cause people to take the more difficult route and go to your boat instead of taking the easier route and going to the Crawford County boat?

PAUL ALANIS: Actually, we are closer to the major market which of course is Louisville. So

that we believe we would definitely be closer and we would have of course a major facility. I don't know the type of facility that is planned in Crawford County, but it is my belief that it is substantially less than what we're planning here. We competed against eight other casinos in Tunica, and as Mike said, there were thirteen; four went out of business before we arrived and we were the, we remained the market leader. We were the market leader from the day we opened. And our numbers would assume that we're not the only casino in this area, so we believe we can achieve the numbers that we've said with the boat in Crawford County, and we would certainly not have any opposition to

Crawford County as opposed to Switzerland County, and of course, it's your decision but it would not impact our development. We would move forward to the matter that we're proposing.

ANN BOCHNOWSKI: Because you may be closer, physically to the -- but convenience-wise I think maybe Crawford County is easier to get to. So you're just saying you have a bigger attraction?

PAUL ALANIS: Well, and I think that from, I believe that if you ask people that from the Louisville market we are, we would still remain significantly easier to access and quicker to get to than Crawford County. I mean maybe locally can....talking about

1 the access from Crawford County,
2 I will have one of the experts
3
4 I'm Bill ..... I'm
5 President of A and F Engineering.
6 The Crawford County site has con-
7 siderably more curves and hills
8 than the Mauckport site. I think
9 you might have, you visited them
10 both yesterday, I understand..
11 ANN BOCHNOWSKI: The reason
12 I came up with that is that I have
13 this little report that says:
14 hilly and winding two-land road.
15 And that's where I got this. You
16 know, I don't really, uh, I can't
17 remember one from the other at
18 this point.
19 MR. ..... I have visited
20 both sites and the Mauckport site
21 is almost as straight a road as

you can have. And the Crawford County site, we do have some winding roads.

ANN BOCHNOWSKI: But it's shorter?

MR. That I can't answer.

ALAN KLINEMAN: How far is the exit?

Yeah, it's about fourteen minutes. Yeah, so we have -- Mauckport is a very straight road. There are hills but the grades are minimal.

ROBERT SWAN: How far is it from the exit on 64 to the exit at Crawford County? Was it eighteen miles?

I don't know the distance in Crawford County. It's fifteen to the Mauckport but

I don't know the distance on...

ALAN KLINEMAN: He's talking about 64.

Oh, fifteen miles.

ALAN KLINEMAN: 135 exit?

Yeah, fifteen more miles.

ROBERT SWAN: No, no, I wanted to know from the exit on 64, coming to Mauckport to Crawford County's exit; it's fifteen miles or eighteen?

Fifteen.

THOMAS MILCAREK: One man connect with 103 here on 64 and come down.....

(discussion by commission)

ROBERT SWAN: I have one quick question. I heard in your presentation a couple of times that

1 you had endorsements from nine of
2 ten communities in Harrison County,
3 I think you said.
4 PAUL ALANIS: Towns, yes.
5 ROBERT SWAN: Towns. And I
6 hadn't heard that before from the
7 County; maybe I missed it in the
8 presentation from the County. How
9 did you obtain those endorsements,
10 were they formal endorsements or?
11 PAUL ALANIS: Yes, they're
12 letters of endorsement and some
13 of those, they've come to us and
14 others, we've gone to them and
15 we've had ongoing discussions with
16 these communities, these towns,
17 and they have supported us. We
18 have not given them anything, we
19 have not promised them anything,
20 there is nothing that is not in
21 the presentation we made to you

that is going to any of those towns, those endorsements came because of their belief, I presume in us and in the Mauckport site.

THOMAS MILCAREK: If there were only ten -- are there only ten towns in the County?

PAUL ALANIS: Yes, that is correct.

THOMAS MILCAREK: Which one did not endorse?

PAUL ALANIS: I bet you can guess: Elizabeth. And Gary questioned it because Mauckport we have entered into a development agreement and so we because of our, you know, we're being adjacent to them, we have agreed to do some things with Mauckport as I did present in the presentation, but as to all of those other towns, there

1 are no agreements or promises.
2 DR. DAVID E. ROSS, JR:
3 In your Tunica, Mississippi Casino,
4 how many boats are there between
5 your boat and Memphis?
6 PAUL ALANIS: There are --
7 we are the closest location pre-
8 sently. There are three master
9 plans at that site for a three
10 casino development. Sold off one
11 site to ITT Sheraton, sold off
12 another site to Circus, so they
13 are on the left and the right of
14 us; it's a three casino complex.
15 Recently, Bally's in December
16 opened a casino which is adjacent
17 to ours which is by a few feet
18 closer to Memphis but all four of
19 us are along the same road that
20 we built. Grand Casinos is under
21 construction with a large facility

1 that will be slightly closer to
2 Memphis. But presently our casino
3 center complex which really includes
4 four casinos is the closest one
5 to Memphis.
6 DR. ROSS: How much of being
7 closer to Memphis do you attribute
8 your success?
9 PAUL ALANIS: Well, it cer-
10 tainly is a factor, there is no
11 question, but I would say this:
12 When you look at our performance
13 vis a vie the two neighbors that
14 we have, that's where you can
15 really tell the difference because
16 they, we don't have any locational
17 advantage over Sheraton or Circus,
18 and we do dramatically better at
19 revenue than Circus and signifi-
20 cantly better revenue than Sheraton.
21 We probably do two to three times

1 the revenue per slot machine or
2 table game than Circus-Circus
3 does. We do significantly more
4 than Sheraton as well.
5 ROBERT SUNDWICK: Let me
6 ask a question about investment.
7 What's your investment in Mississippi
8 as in Memphis investment?
9 PAUL ALANIS: An estimate
10 of sixty million dollars.
11 ROBERT SUNDWICK: And
12 Louisiana?
13 PAUL ALANIS: In Louisiana,
14 a hundred and twenty million
15 dollars.
16 ROBERT SUNDWICK: It's by
17 far your largest project?
18 PAUL ALANIS: Oh, original
19 investment, is that what you're
20 talking about? Or what we're
21 planning to...

ROBERT SUNDWICK: No, what is your original investment?

PAUL ALANIS: Oh, pardon me. Eighty million dollars at each, originally invested. So, yes, it is...

ROBERT SUNDWICK: By far your largest investment?

PAUL ALANIS: Crown Jewel.

DONALD VOWELS: Can I ask one more question. Have you discussed then putting police into this sub-station and if so have you talked with the county sheriff, and if you've done that, have you put some money into that part of the project as well? Have you asked for funding in that aspect?

PAUL ALANIS: No. Our idea there is to provide space. In other words, to provide it rent

free. So we don't -- we were gonna build that center anyway and that center is in our budget, so that means we wouldn't get revenue off of, you know, a couple of thousand feet that we would have in that center for it.

Alan Milbert, our local representative has talked with the Sheriff here about the needs. We have not worked out specifically anything with regard to a substation and I anticipate that this kind of dialogue will continue to proceed as we go along with the project and we'll find out exactly what is appropriate. I anticipate that there will be other needs and that there will be, if we were to be approved, you know, probably other things that would

arise that we would continue to try to integrate into that center. One of the reasons for having that center is to try to be able to have a certain amount of space available, be able to be responsive to these needs as they arise. We're not looking to that center to be a major profit center for this project. I mean I think you can see from our porforma that we anticipate minimal revenue from that center. I mean that's not what we're looking for.

ALAN KLINEMAN: I'm sorry to say that I have to leave and Ms. Bochnowski, the Vice-Chair of the Commission, will be taking over, and I want to personally thank you for all.

PAUL ALANIS: Thank you.

ALAN KLINEMAN: And thank you for coming, and want to say we were emphasizing fire safety because we think that Fuzzy might burn up the course.

PAUL ALANIS: He hopes next week.

ROBERT SWAN: Just to follow up on that question. I haven't seen your development agreement yet. I have read it actually. Is there anything in there with respect to the law enforcement activity?

PAUL ALANIS: I will let our attorney address that.

BILL The Milburn Agreement does specifically provide that we will coordinate with

1 the county representatives their
2 emergency management needs on
3 their emergency management plan.
4 So we're prepared to discuss that
5 with them. One of the provisions
6 in the development agreement is
7 that we have agreed to be flexible
8 in whatever occurs during these
9 presentations and during the pro-
10 liferation of the Gaming Commission
11 so that if an additional commit-
12 ments or promises are made, they
13 will be told to the developer.
14 DONALD VOWELS: How about
15 your other two operations and
16 motels, are those.....?
17 PAUL ALANIS: Yes, we have
18 two hundred rooms in Tunica which
19 we were one of only three companies
20 to originally build hotel rooms
21 with our original construction.

Those two hundred motel rooms are on the barge, directly above the casino, very convenient to the customer. Bossier City, we have two hundred hotel rooms but they are not on the site we bought, an existing hotel in the community there. It is a few miles from our facility but we are proceeding with plans for a six hundred room hotel that would be on site. But we have always had two hundred rooms associated with each property when it opens.

DONALD VOWELS: The two hundred rooms that are on site, what is the approximate room occupancy on an average week or a month or how ever you calculate it?

PAUL ALANIS: Approximate is a hundred percent. We turn away

a hundred and fifty to two hundred reservation requests every day.

DONALD VOWELS: That shows a need for a motel.

PAUL ALANIS: That's why we're building three hundred and twenty more in Tunica.

ANN BOCHNOWSKI: Did you do any study here to determine the need for hotel rooms? I mean I can't see too many hotels around here but...

PAUL ALANIS: Well, we believe -- I think the comment was made before by one of the members of the Commission: How can you have a destination resort without hotel rooms?

ANN BOCHNOWSKI: Right.

PAUL ALANIS: We believe that the key to the success of this

1 project is hotel rooms. That's
2 why in our plan we have three
3 hundred and we, and like what we
4 did with the County in our develop-
5 ment agreement because it was
6 part of our original thinking was
7 agree that we would bring on two
8 hundred more. We did look at the
9 market. We determined that much
10 like people at Carnival said,
11 exactly what we think could generate
12 in terms of finance, but we feel
13 very comfortable with three hundred
14 will -- we will fill up those
15 three hundred rooms and that we
16 will need to bring more rooms on
17 right away. We were very sensitive
18 also though to making certain
19 that we had full occupancy and
20 that we were not adversely impact-
21 ing the existing, you know, motel

1 market in this area. And one of
2 our partners is an investor in
3 Budgetel. So we're not interested
4 in adversely impacting any of the
5 existing businesses in this com-
6 munity. We think the way we've
7 done it with having three hundred
8 and then bringing on two hundred
9 more and then we have a master
10 plan to take it up to a thousand,
11 makes sense and we think we can
12 grow the market as we are operating
13 in order to make that, you know,
14 to have that work and to have it
15 make sense. We're very comfort-
16 able with three hundred. We did
17 a market analysis and felt that
18 three hundred made total sense and
19 that two hundred more to follow
20 afterwards would be economically
21 sensible.

1 DONALD VOWELS: Could I
2 ask a question of Mr. Binion
3 please?
4 Mr. Binion, we're really
5 happy to see you here today and
6 your enthusiasm for the project.
7 It just occurred to me that you
8 have a significant interest in
9 the whole project personally through
10 various interests, if you were to
11 walk out of here today and get
12 run over by a car or something,
13 who would we look to to carry on
14 that enthusiasm that you have?
15 JACK BINION: Well, as you
16 can see, I've put together what I
17 feel is a great team and maybe
18 they would even like to see me
19 get run over.
20 (LAUGHTER)
21 But I feel like at this point

1 I have set the tone, the philosophy
2 and the marketing strategies and
3 I feel like the team can carry it
4 right on.
5 DONALD VOWELS: Your finan-
6 cial interests will carry on,
7 and I just want to be comfortable.
8 JACK BINION: If you look
9 at the structure of the company
10 and why did I really go out be-
11 cause it's the truth that my grand-
12 nieces and nephews and my grand-
13 children and children have a very
14 substantial part of this business.
15 They have more interest in this
16 business than I do. So when I
17 tell you that, you know, I'm trying
18 to hang on where, when they're
19 ready, that they can take over.
20 I, I tell you what, if you really
21 look at what has happened in Vegas

because I've been in Las Vegas for a long time, you just don't realize what's gonna happen here. I mean the economic impact is gonna be unbelievable and this is why we put it in the Mauckport site because I feel like it's at the center of the County, and I don't want to get preachy here so I'll stop. Okay.

MR. VOWELS: Thank you.

JACK THAR: Could I just follow up on that?

JACK BINION: Yes.

JACK THAR: What might concern us is whether or not Ted Binion would have the potential of getting in the ownership interest in this.

JACK BINION: Absolutely not.

JACK THAR: Thank you.

JACK THAR: On the Army Corps of Engineer permitting situation, you're not trying to tell us that you have a Corps permit right now to start building a gaming facility, are you?

CLIFF KORTMAN: No, I'm not.

JACK THAR: What you have is, the property has a permit in suspension status; would that be correct?

CLIFF KORTMAN: That is not correct.

JACK THAR: You have activated that by asking for a change in that permit?

CLIFF KORTMAN: We have asked for an extension for that permit. Several months ago that permit has extension, original extension in .....

1 JACK THAR: Do you believe
2 the advantage then is to be able
3 to start construction of the
4 marina and then modify it once
5 you got the gaming permit from
6 the Corps? Is that what you are
7 ...?
8 LEE MC KINNEY: That is an
9 advantage to us we feel. We have
10 already made application for that
11 modification for gaming vessel.
12 JACK THAR: And they are
13 waiting for you to get the certi-
14 ficate of suitability to proceed
15 forward; is that it?
16 LEE MC KINNEY: That would
17 be my presumption, yes. That
18 would be my assumption, correct.
19 JACK THAR: That's the last
20 step in our agreement with the
21 Corps, but absent getting the cer-

1 tificate of suitability, what
2 you are saying is you could build
3 the marina before they acted on
4 your gaming, is that right?
5 LEE MCKINNEY: We have a
6 permit right now which is probably
7 expires on August the 31st of this
8 year and we have requested a three
9 year extension for construction
10 period. We in construction as
11 currently permitted could begin
12 with concurring with the Corps
13 that we be allowed to go ahead
14 with Phase III Archeological
15 Resources on the east connected
16 to the assignment, while we dig
17 the marina. And they have indi-
18 cated in the original permit
19 protect them from doing that. We,
20 today have a permit to start digg--
21 ing a large marina harbour and

what we've asked for a modification is of the existing permit is to dig a smaller harbour and a two hundred foot wide channel and put a six foot wider channel to the slightly upstream location. So that's the permit modification that I was just based on my experience, once the Corps makes the decision to process the applicant for modification, they've had the request for a couple of weeks and I have had no contact with them at this point. I think that that could be approved by the Corps in sixty to ninety days and the suitability license and determination issue the construction could begin on the marina and then the channel for the gaming operation. The gaming operation itself..

JACK THAR: That's where I've got the problem. Well, I can see that the Corps might agree that you could go ahead and build a commercial and pleasure craft marina. Our understanding with the Corps is that they're not gonna allow any gaming developers until they've taken a look at the whole package, so it's to your benefit would be that you'd get the building of the marina out of the way but you couldn't modify the gaming boat until they gave you the affirmative.

LEE MCKINNEY: Well, what I'm saying is we don't know whether the Corps will process the modification to the existing permit prior to suitability. They have not indicated that one

way or the other.

JACK THAR: Do you know if they will process the modification request independent of the application for a gaming vessel permits?

LEE MCKINNEY: Yes.

JACK THAR: They will?

LEE MCKINNEY: The worst case is if they do delay processing the permit modification request to the existing permit. I believe that once the suitability is issued they would process the modification request as well as the permanent application, and I would anticipate that they could approve the permit modification, the existing permit, to allow construction of the modified harbour and entrance channel to accommodate

a gaming boat for construction of a harbour and entrance channel to begin within about sixty to ninety days. Then the other work, the new permit, Phase I would be to bring in a temporary boat and construct temporary mooring facilities, but the significant difference there that we have made of the other applicants is we would be in a position in my view to start construction of a harbour much sooner than anyone else can because we have the existing permit that we're asking to modify. The major difference there is that existing permit area before you leave the site has been reviewed by all the appropriate State agencies and cleared from our Milburn report except for

completing the Phase III Archeological .....

JACK THAR: How long until you open the temporary facility?

LEE MC KINNEY: I would be afraid to quote as far as construction time, would be hard.

JACK THAR: About how long after Corps permit? How long a ....How long from the day you get a certificate of suitability do you anticipate it's going to be? What we're hearing basically is that you feel you're so close to really getting a permit, far as to construct a marina, and then secondly that that's, you're just right on the edge then of getting the overall okay to go ahead with the gaming moorings and stuff. How long can you open a temporary

1 facility from June 1?

2 LEE MCKINNEY: Sixty to

3 ninety days. And .....

4 construction and (further remarks

5 inaudible.)

6 If you're asking me how

7 long before the gaming vessel

8 would be in operation?

9 MR. THAR: Yes.

10 I don't know how long the

11 Corps approval will be.

12 LEE MCKINNEY: Sixty to

13 ninety days after they have pro-

14 cessed the modification we could

15 start construction. I think we

16 have approval of the modification.

17 Then you'd have construction period

18 lapse. During that period the

19 Corps would be reviewing and pro-

20 cessing and putting out the public

21 notice our permanent new applica-

tion which would be a three phase operation to bring in a temporary boat, build temporary mooring facilities. I would anticipate using Doug Shelton's rule of thumb six to nine months. And in our case because most of the forty-two acre site is environmentally clean, I think we'd be pushing the envelope quite easily to get it in six months because we don't have to start from square one, doing the wetlands ..... , doing the archeological investigation.

JACK THAR: That's what I want to find out; six months from when?

LEE MCKINNEY: Okay. Suitability.

MR. ALANIS: Let me see if we can clarify. There is an exist-

ing permit .....and to build a site adjacent to the marina. We have a modification then to modify the marina.

JACK THAR: And that's sixty to ninety days.

PAUL ALANIS: We also have an application into the Corps for a temporary vessel. We're not sure how long that application will take. Historically, it's taken six months, but we think we have a competitive advantage because it deals with the exact same site that's already been permitted.

JACK THAR: So when it's all said and done we're still at the mercy of the Corps and rule of thumb that Doug Shelton has given us of six to nine months?

PAUL ALANIS: That's correct.

JACK THAR: Okay.

LEE MCKINNEY: That is in our case because we have done so much of the archeological investigation and the environmental investigations, which has not been completed and approved, at any of the sites It has been completed and approved for the forty-two acres which is the core of our site.

JACK THAR: So you could have some advantage but not enough to take it outside of the six to nine months of Doug Shelton?

LEE MCKINNEY: Oh, I think so.

JACK THAR: Well, then that is what I'm asking.

LEE MCKINNEY: I think--

JACK THAR: --You think you

can beat that?

LEE MCKINNEY: Yes.

JACK THAR: I want to know how strong you are on that commitment?

LEE MCKINNEY: Based on my experience it's my view that if we were starting from scratch to get a permit this size, we'd be looking at twelve to eighteen months.

JACK THAR: I'm not asking about what you've got in hand. How soon you can open temporarily from June 1. That was an arbitrary date that you got. Most everybody else is saying six to nine months. Can you beat that?

LEE MCKINNEY: I think we can do six to nine months. I'm not confident the others can do it

in six to nine months, if I can be very candid.

JACK THAR: I'm just asking about you. Just you.

LEE MCKINNEY: I think we could have a permit to bring a temporary boat within six months after suitability. Not six to nine months, but six months.

JACK THAR: All right.

PAUL ALANIS: Our position is it is in six to nine months' period, it's somewhere in that window of six to nine months.

JACK THAR: And you hope you're on the earlier end rather than late?

PAUL ALANIS: Exactly.

JACK THAR: All right. Thank you. Who will staff and pay for the set up of the clinic and

1 maintain the personnel at the
2 clinic at the retail space?
3 PAUL ALANIS: We will pro-
4 vide subsidy for the rent and we
5 assume that the doctor will pay
6 for, you know, equipment and
7 things like that because all it
8 will require him to do is moving
9 an existing practice into there.
10 JACK THAR: So this won't
11 be a Horseshoe run clinic; this
12 will be an opportunity for some-
13 body else to come in?
14 PAUL ALANIS: But what we
15 wanted to do is be a facility that
16 can provide that type of care and
17 provide the type, uh, we think it
18 is a perfect opportunity both for
19 us and for someone in the community
20 because it's appropriate in that
21 location.

JACK THAR: That assumes you will be able to lure a physician to that part of Harrison County?

PAUL ALANIS: Three have indicated they would move.

JACK THAR: Who would pay for the police and/or sheriff sub-station?

PAUL ALANIS: We would provide the shell there, we would provide the building rent free. We would provide the facility rent free and we would then have the facility operated out back but we would provide that, again, we would own the facility, it would be part of the retail center we would continue to own but we would provide it rent free.

JACK THAR: But the outfitting of the facility and the..

PAUL ALANIS: We'd build it out, of course, and we would assume that there would also be some communication equipment that would be needed. We could..

JACK THAR: Just let me ask the question.

PAUL ALANIS: Sure, I'm sorry.

JACK THAR: Are you going to completely outfit the facility and then they'll come in and be able to stay there rent free? Are you gonna provide them with the building and they have gotta outfit it?

PAUL ALANIS: We would be willing to completely outfit the building, provide it to them so it could be used.

JACK THAR: So if they needed

a holding cell, you'd build that?

PAUL ALANIS: Haven't considered it, but we would consider it.

JACK THAR: The scholarship program.

PAUL ALANIS: Yes.

JACK THAR: And I didn't, I just had a hard time understanding exactly how this works. It's twenty thousand dollars. Is that a one time twenty thousand dollar thing for a student or five thousand a year?

PAUL ALANIS: It's five thousand..

JACK THAR: Five thousand a year for four years?

PAUL ALANIS: That is correct. Each student would receive five thousand each year during their college.

THOMAS MILCAREK: Would that be out of the community fund that if we render in Harrison, whether it was the foundation?

THOMAS MILCAREK: Oh, it is. okay.

PAUL ALANIS: It's above that. It's beyond that.

JACK THAR: Mr. Zoeller, are you gonna participate in the creation of the golf course, or just put your name on it?

FUZZY ZOELLER: I'm glad you said that. No, my job is to design the golf course which you see the layout has already been made. As I, uh, what I do is a consultant, I think of myself as a player, which sometimes I feel I am on the PGA tour, is to make sure that this golf course doesn't

1 get carried away and is built into
2 a monument like some of our golf
3 courses that you see on TV, that
4 are going bankrupt nowadays.
5 But I make sure the bunkers are
6 placed in the right position, the
7 tee's are nice and straight, the
8 greens and the bunker and the
9 amount of the greens, the lakes
10 are all in there just to add
11 beauty; not to catch the wild
12 golf shot. But that is my job
13 and to build a golf course that's
14 not only fun but challenging for
15 everyone. I like to bring the fun
16 back into the game.
17 JACK THAR: How will this
18 course rank with the course you
19 just built in New Albany?
20 FUZZY ZOELLER: What, at
21 Covered Bridge?

JACK THAR: Yes.

FUZZY ZOELLER: It will be comparable to that.

JACK THAR: Comparable?

FUZZY ZOELLER: Yes sir. I will put it right up in that class. And I'm very proud of the Covered Bridge project we have there in Sellersburg, and my job again was to build a course that people could enjoy coming out and having fun. It's gonna be a beautiful setting right here. Very playable by all. Even the ladies.

ANN BOCHNOWSKI: Okay, you are recovering.

ROBERT SWAN: And, Mr. Thar, that wasn't a relationship that was formed this morning. He has known Jack for about nine years and they've been good friends.

ANN BOCHNOWSKI: Does anybody else have more questions?

Okay. We'll be starting back here in the morning at 8:15 and I thank you very much for all your time in answering our questions. Thank you.

(RECESS)

(THIS CONCLUDES ALL OF THE PROCEEDINGS IN CONNECTION TO THE GAMING HEARINGS OF THE INDIANA GAMING COMMISSION ON MAY 7, 1996.)