

ORIGINAL

BEFORE THE INDIANA GAMING COMMISSION

PUBLIC MEETING

TRANSCRIPT OF PROCEEDINGS

DATE: June 19, 1995

PLACE: Indiana Government Center Auditorium
302 West Washington Street
Indianapolis, Indiana

REPORTED BY: Maria W. Collier, Notary Public

MEMBERS OF THE COMMISSION

Alan I. Klineman, Chairman
Thomas F. Milcarek
Robert W. Sundwick
Dr. David E. Ross, Jr.
Donald R. Vowels
Ann Marie Bochnowski

ALSO PRESENT

John J. Thar, Executive Director,
and Members of the Staff

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I N D E X

	<u>Page</u>
Presentation by Ameristar Casinos, Inc.	
Jeff Terp	3
Ken Edmunds	11
Frank Cohen	24
Ken Edmunds	28
John Spina	30
Jeff Terp	40
Craig Neilsen	49
Questions by the Commission of Ameristar	52
 Presentation by Boyd Gaming Corporation	
Don Tabbert	158
William S. Boyd	163
Robert Boughner	174
Cathey Shanklin	190
Ellis Landau	196
Charles Ruthe	208
William S. Boyd	215
Questions by the Commission of Boyd Gaming	216

1 MR. KLINEMAN: We have a court
2 reporter present, and we would appreciate
3 it for the purpose of the record for
4 those who speak to identify themselves.
5 That particularly becomes necessary when
6 we get into the questions and answers.
7 People will begin to talk without telling
8 who they are. It will make our record a
9 lot better if you would identify
10 yourself.

11 So with that we will ask Ameristar
12 Casinos to make their presentation.
13 We'll give you until five minutes after
14 11:00, maybe six.

15 MR. TERP: Good morning, Mr.
16 Chairman, members of the Commission,
17 Director Thar. My name is Jeff Terp. I
18 am the vice president for business
19 development and the local project
20 director for Ameristar Casino
21 Lawrenceburg.

22 We're not just here for Ameristar
23 but for Lawrenceburg, for Dearborn

1 County, and really for the state of
2 Indiana and for all Hoosiers who stand to
3 benefit from the economic benefits of the
4 1993 Riverboat Gaming Act.

5 Ameristar has spent the last 20
6 months working toward this day, and
7 actually if you look at it from an
8 historical angle Ameristar has spent more
9 than 40 years working toward this
10 moment.

11 Ameristar is headquartered in
12 Jackpot, Nevada. Our first two casinos
13 opened in 1954, and it's been quite a
14 trip since. We answered a call to expand
15 gaming in 1994 with the Ameristar Casino
16 Vicksburg and the groundbreaking for
17 Ameristar Casino Council Bluffs earlier
18 this year. This brings us to
19 Lawrenceburg. We couldn't be more
20 pleased and more honored to be here today
21 before you.

22 At this point I'd like to introduce
23 the leaders of Ameristar Casino, our

1 president/CEO, Craig Neilsen; our
2 executive vice president of operations,
3 John Spina; our senior vice president for
4 development, Ken Edmunds; our senior vice
5 president for finance, Tom Steinbauer;
6 and our vice president of guest services,
7 Angie Baker, along with Frank Cohen of
8 Salomon Brothers who will also be
9 presenting with us today.

10 These distinguished and respected
11 executives lead the Ameristar team which
12 we're also represented today by design,
13 architectural, engineering, construction,
14 traffic, legal, marketing, and other
15 representatives who will make Ameristar
16 Casino Lawrenceburg an overwhelming
17 success.

18 To give you a little better idea
19 where Ameristar has been and where
20 Ameristar is going we have prepared a
21 short video presentation for you.
22 Following the video we will demonstrate
23 why Ameristar Casino Lawrenceburg is the

1 right choice for Lawrenceburg, the right
2 choice for Dearborn County, and the right
3 choice for Indiana.

4 (At this time a video presentation
5 was made to the Commission.)

6 MR. TERP: The gaming industry has
7 certainly come of age in the last few
8 years, but Ameristar's background,
9 spanning more than four decades, gives us
10 unique insight and depth into the
11 experience rarely seen in this fast
12 growing industry.

13 We have become a player on the
14 national scene through intelligent,
15 steady growth, an impeccable reputation,
16 fiscal responsibility, innovation, and,
17 most importantly, an overriding
18 commitment to quality.

19 Ameristar is a publicly traded
20 company and is licensed for gaming in
21 three states. We focus on superior
22 locations that support outstanding
23 destination resorts. The foundation for

1 our long-term success is our commitment
2 to quality. This approach is reinforced
3 by the management approach and the
4 management strength that lies in the
5 versatility of our team.

6 Our president, Craig Neilsen, not
7 only has experience in gaming but also
8 has experience in finance, real estate
9 development, and construction. Other
10 members of our management team have vast
11 experience in development, finance which
12 complements our backgrounds.

13 The success of our developments has
14 produced positive results in the
15 communities where we have located. The
16 Horseshu Cactus Pete's has turned a tiny
17 Idaho border town into a thriving city.
18 In Vicksburg Ameristar helped turn around
19 a slumping economy.

20 And in Council Bluffs Ameristar
21 will help the city overcome the shadow of
22 Omaha, and in Lawrenceburg Ameristar has
23 proposed a development that will provide

1 unparalleled success and enhance the
2 community's historic identity.

3 Our experience in small towns gives
4 us a positive partnership with the city
5 leaders, with the residents of
6 Lawrenceburg. We have become friends
7 with the residents. We have become
8 friends with many of the people down
9 there, and we will continue to foster
10 these positive relationships.

11 True economic vitality cannot be
12 possible without the numbers to support
13 the business growth. After all our work,
14 after all our research we have come to
15 one unmistakable conclusion. Dearborn
16 County is the best riverboat gaming
17 market in the country today.

18 The demographic strength of
19 Dearborn County lies in the immediate
20 proximity to the Cincinnati metropolitan
21 area and its central location to the
22 metropolitan areas of Indianapolis,
23 Dayton, Lexington, Louisville, Columbus.

1 More than nine million people live within
2 150 miles of Lawrenceburg, and it will be
3 an easy drive to what will be the premier
4 destination resort of the region.

5 The leading investment banks for
6 the gaming industry have assumed that the
7 gaming revenues for southeastern Indiana
8 are between 420 and 752 million dollars.
9 Ameristar conservatively estimates this
10 market is \$600 million.

11 More than three million new
12 visitors will visit Lawrenceburg
13 annually. It was imperative that we
14 design a plan that creates the greatest
15 number of benefits while minimizing the
16 potential negative effects on the
17 community.

18 The three top concerns expressed by
19 the area residents in our many
20 discussions were traffic, the impact on
21 the local residential areas, and the
22 impact on the historic business
23 community.

1 Traffic, especially along U.S. 50,
2 is the greatest concern to everyone.
3 Ameristar examined a number of different
4 sites in Lawrenceburg before selecting
5 what we consider the best location for a
6 casino development, the Lawrenceburg
7 Conservancy District.

8 By locating this development on the
9 east side of downtown we will be able to
10 divert traffic off U.S. 50 well before
11 any potential congestion becomes a
12 problem in downtown. In summary, our
13 development will not create any negative
14 traffic impact for the city.

15 A casino development in downtown
16 Lawrenceburg will simply overpower the
17 business and historic district. Our east
18 side site will be close enough to
19 downtown so that the existing businesses
20 can benefit from the synergy created
21 between our site and downtown.

22 We have proposed a trolley system
23 to the city connecting our development to

1 downtown. We will also provide an
2 extension of the city's levy walk so that
3 our guest patrons can have a comfortable
4 walk through downtown Lawrenceburg. Our
5 development complements, not overpowers,
6 Lawrenceburg, and our site does not
7 negatively impact any business or
8 residential community.

9 Our legal advisors have done
10 extensive research on the ability of the
11 city and the Conservancy District to
12 lease the site to Ameristar. Based on
13 their work no restrictions exist.

14 I have had the opportunity to
15 present to you a few points about
16 Ameristar, and now I'd like to turn the
17 program over to Ken Edmunds, our senior
18 vice president for development, who will
19 talk about the special elements of our
20 project.

21 MR. EDMUNDS: Jeff must have better
22 eyes than I do because he turned off the
23 light up here and I'm going to need it.

1 Let's see if I can wing it without.

2 Our market estimate of \$600 million
3 is substantial, and there are only going
4 to be two licenses awarded in
5 southeastern Indiana in Dearborn,
6 Switzerland, and Ohio Counties.
7 Obviously these two licenses aren't going
8 to have the capacity to reach the whole
9 market.

10 We have also assumed the
11 competition is not going to come on line
12 in Ohio or Kentucky for another three to
13 five years, if then. Hopefully the
14 governor of Ohio can help us on that a
15 little bit. With this monopoly that
16 we're placed in it gives us the
17 opportunity to build the largest
18 riverboat development in the country.

19 Our \$185 million loan will produce
20 \$232 million in revenues by 1998. We
21 have designed the facility so that it can
22 be the premier entertainment attraction
23 in the region. This jump we have on Ohio

1 and Kentucky that is provided through the
2 Indiana legislature allows us to build a
3 beautiful facility and recover the
4 majority of our investment before the
5 competition comes on line.

6 As you can understand, it's a
7 tremendous competitive advantage, and
8 with that in mind we'd like to show you a
9 video of what our vision is for Ameristar
10 Casino Lawrenceburg.

11 (At this time a video presentation
12 was made to the Commission.)

13 MR. EDMUNDS: Gaming in itself is a
14 huge draw. That's a given, but, as you
15 can see, what we've created is something
16 that is going to be the premier
17 entertainment attraction in the region.
18 An opportunity like this doesn't come
19 along very often. We're really excited
20 about the combination of architecture,
21 the amenities, and the overall magnitude
22 of the project. We are really excited
23 about what we have here.

1 Our facility has three main
2 components. Starting at the entrance
3 level our guests will arrive and enter
4 into our hotel lobby with 35 foot
5 ceilings and massive chandeliers. From
6 that area they'll also be able to access
7 our children's functions.

8 They will proceed from that level
9 up to our atrium level which extends from
10 the front of the facility to the rear and
11 includes our special events arena and our
12 restaurants. And overlooking all of that
13 will be our atrium hotel. All of this
14 will be contained within a new city levy,
15 and it will have 200,000 square feet.

16 I mentioned the restaurants. We'll
17 have 11 restaurants and food outlets.
18 And while we pride ourselves a lot on
19 these food operations we have also
20 included a 22,000 square foot special
21 events arena which can be converted to a
22 2,000 seat entertainment venue. This
23 will be included with a movie theater

1 complex, our state-of-the-art amusement
2 arcade, and also some retail outlets.

3 The Kidsquest is something very
4 important to us. Kidsquest is a 10,000
5 square foot children's activity center.
6 Parents will be able to bring their
7 children to the facility and leave them
8 in a fully supervised environment while
9 they enjoy the entertainment. There is
10 one problem that you should be aware of.
11 Usually when the parents get tired they
12 have to find some way to get the kids out
13 because they're having too much fun.

14 Now, to really display everything
15 we have we had to go to the atrium
16 concept for the hotel. This atrium rises
17 a hundred feet from the lowest level to
18 the top of our facility, and guests can
19 go through this in our glass-enclosed
20 elevators.

21 The focal point of our development
22 is going to be our riverboat. It
23 measures 434 feet long by 108 feet wide,

1 and it actually rises 150 feet from the
2 water level up to the top of the stacks.
3 You can imagine what a spectacle that's
4 going to create from the I-275 loop near
5 Lawrenceburg. It's going to have 800
6 slot machines and 100 table games.

7 The other facility I'd like to show
8 you is on our site plan. We've tried to
9 design our site so it has the maximum
10 convenience for our customers. We have
11 included a 2,000 space parking garage,
12 another thousand spaces in valet and
13 surface parking for a total of 3,000
14 spaces, and then outside of our levy
15 we've included a 200 space RV park.

16 Obviously all of this doesn't come
17 cheap. Our total budget's projected at
18 \$185 million of which \$125 million will
19 be in land-based improvements. We will
20 have 700 construction workers on site
21 targeting our completion date for our
22 permanent facility in early 1997.

23 Our original financial projections

1 used a very conservative date for the
2 opening of our temporary facilities.
3 Since then we have been working to
4 accelerate that schedule. Obviously it's
5 in our best interest to open as quickly
6 as possible, but we refuse to open with a
7 substandard product. Our temporary site
8 is actually part of our permanent
9 facilities, and we will use a temporary
10 pavilion in conjunction with our parking
11 garage.

12 The city of Lawrenceburg is also
13 considering an alternative with an
14 accelerated schedule. They have made
15 application to the Army Corps of
16 Engineers for a docking facility downtown
17 at the foot of Walnut Street. They think
18 that the permit from the Corps will be
19 available in August or September which
20 will allow the completion of the
21 temporary facility by November and
22 December opening this year.

23 We originally planned on using a

1 new boat that would be a sister boat to
2 the one you saw being launched in the
3 video, but because of this accelerated
4 schedule we've gone out and looked for
5 additional boats that could be made
6 available, and what's available is
7 actually a smaller boat, and we'll meet
8 our commitment to the city for 1,200
9 gaming positions. Our boats are proposed
10 to be operated by an experienced
11 riverboat management company.

12 This vessel will be replaced by our
13 permanent boat which is much larger
14 obviously. We have been working with
15 Jeffboat since the first of the year to
16 finalize the design of the permanent
17 boat. This boat will have 2,500 gaming
18 positions with a capacity of 3,600
19 passengers and crew, and it can be
20 available within 12 to 14 months after
21 our license has been approved.

22 Now, as I said earlier, our \$185
23 million investment will create \$232

1 million worth of revenues by 1998. In
2 addition to the taxes and fees that come
3 from these revenues, Ameristar's made the
4 greatest commitment to the city of
5 Lawrenceburg.

6 We have committed to pay a minimum
7 of \$8 million per year. This \$8 million
8 is made up of a \$5 million annual
9 development fee, another 1.5 million in
10 monthly development fees, and another 1.5
11 in a ground lease from the Lawrenceburg
12 Conservancy District.

13 In addition to our guaranteed \$8
14 million minimum payment, we've also
15 committed to share a percentage of our
16 revenues. Now, this works on a sliding
17 scale that increases with the gaming
18 revenues, and, as you can see, it ranges
19 from five percent of revenues, or 150
20 million, up to as much as ten percent of
21 revenues.

22 To give you an example, this would
23 create an additional \$4.5 million for

1 Lawrenceburg in 1998. The impact of what
2 all these taxes, fees, and other payments
3 do for the state and local governments is
4 truly amazing. The combination of all of
5 these reaches \$312 million in the first
6 five years, and this is based on our
7 conservative opening day for temporary
8 facilities. The benefit for the local
9 government is \$141 million and for the
10 state government \$171 million.

11 The greatest concern for the
12 community is traffic. To start with, we
13 need to make improvements at I-275 and
14 U.S. 50. Now, these improvements will be
15 matched by similar improvements at our
16 access point into our facility, and these
17 will all be coordinated with a new signal
18 system through Lawrenceburg.

19 We've looked at a lot of other
20 alternatives to continue improvements
21 after this initial access including an
22 interchange near our site. The best idea
23 was recently identified, and this is to

1 use a right-of-way that exists along the
2 Central Indiana railroad tracks. This
3 right-of-way would allow traffic to
4 bypass the intersection of 275 and 50 and
5 give direct access into our parking
6 areas.

7 The traffic would flow through the
8 interchange on an elevated roadway, and
9 this elevated roadway would give another
10 benefit by providing the flood protection
11 that's necessary for the Greendale
12 industrial area.

13 We'd keep our original access point
14 near Lawrenceburg, but the resort traffic
15 would be greatly minimized. This new
16 interchange will have a lot of benefits,
17 and we need to work with local
18 governments and environmental groups to
19 make sure it's properly developed.

20 In our meetings with the Corps of
21 Engineers they have identified that we're
22 going to have some challenges with
23 wetlands and other issues related to our

1 site. We have submitted our application
2 to the Corps, and we think that our
3 engineers have identified and resolved
4 all of these issues. We really think
5 we've come up with the right solutions.

6 First, our river consultants
7 reviewed our plans, and based on their
8 review our site is safe for development,
9 and cruising can be accomplished within
10 Indiana waters with no navigational
11 concerns.

12 Next we conducted detailed studies
13 regarding endangered species particularly
14 focusing on the Indiana bat and mussels
15 in the river and certain plant life. Our
16 studies have indicated that none of these
17 endangered species are present at the
18 site.

19 Archeology is a major concern all
20 along the Ohio River flood plain. We
21 have conducted extensive investigation
22 and testing and modified our site plans
23 to avoid any delays that might be

1 encountered due to archeology.

2 The greatest issue for Ameristar
3 and the environmental groups is
4 wetlands. Although our design avoids the
5 majority of wetlands on our site, there
6 is one area of low quality wetlands that
7 will have to be mitigated on site. This
8 eight-acre area is classified as wetlands
9 only because it's below a certain
10 elevation of the flood plain.

11 We are going to mitigate it with a
12 32-acre high quality wetland that will be
13 on site. This wetland will serve as a
14 permanent buffer zone between our
15 development and the sensitive Oxbow area,
16 and it will also serve as a living
17 biology lab for area students.

18 We looked at several alternatives
19 for financing our project. After we
20 received our unanimous endorsement from
21 the City of Lawrenceburg we had all types
22 of offers, people wanting to invest in
23 equity, people wanting to be partners,

1 people wanting to provide total funding.

2 We talked to a lot of different
3 investment banks, and we selected Salomon
4 Brothers as our financial consultant. We
5 have with us today Frank Cohen, a
6 managing director of the company and
7 cohead of the high yield capital markets
8 group. I'd like to turn the presentation
9 over to Frank for a few moments.

10 MR. COHEN: Thank you, Ken. And
11 thank you, members of the Commission, for
12 the opportunity to speak on behalf of
13 Ameristar. Salomon Brothers is one of
14 the largest investment banking firms in
15 the world. We have an equity
16 capitalization of in excess of \$5 billion
17 making us the second largest U.S.-based
18 investment bank.

19 We are one of the leading
20 underwriters of both debt and equity
21 securities in the world. Over the last
22 two and a half years we have underwritten
23 over \$40 billion of equity securities and

1 over \$150 billion of debt securities.
2 Therefore, we feel we are amply qualified
3 to assess this project.

4 With respect to the gaming industry
5 itself we are the leading underwriter in
6 that sector. We have long been committed
7 to the gaming industry, and since 1991 we
8 have been the lead manager of over a
9 billion dollars of equity securities in
10 the industry and over \$2.3 billion of
11 debt securities.

12 Now, what is of particular
13 relevance is securities for projects such
14 as the one that you are being presented
15 with which we would call project
16 financing. We have a broad experience in
17 this area starting in 1992 when we were
18 the sole manager for Hollywood Casino's
19 financing of its Aurora, Illinois,
20 project. This was the first financing in
21 this decade for this type of project. We
22 did it on a sole managed basis.

23 The next year in '93 we did a

1 number of similar transactions including
2 Louisiana Casino Cruise's financing of
3 its Baton Rouge facility where we were
4 also the lead manager. And then last
5 year we were a comanager in Harrah's
6 Jazz, over \$400 million in financing for
7 its New Orleans facility.

8 Many of these financings have been
9 for large companies such as Harrah's, but
10 they've also been both debt equity
11 financings for what we consider emerging
12 companies like Ameristar. In addition to
13 the aforementioned project in Aurora,
14 Illinois, we were the lead manager for
15 Hollywood Casino's over \$90 million IPO
16 in 1993. We were also the sole manager
17 for Casino America's over \$100 million
18 mortgage financing for several riverboat
19 projects in 1993.

20 With respect to Ameristar our firm
21 has a very positive view. On the
22 research side Bruce Turner, who is the
23 number one rated analyst by Institutional

1 Investor, has a buy recommendation on the
2 stock and has been a strong supporter of
3 the company since its initial public
4 offering.

5 On the investment banking and
6 capital market side we have been
7 impressed by management's strong track
8 record both in Nevada and in emerging
9 jurisdictions such as Mississippi and
10 with the quality of their projects.

11 But, most importantly, from the
12 perspective of the capital markets and
13 those like myself who are charged with
14 the responsibility for raising the funds,
15 we have been impressed by their prudence
16 with respect to the capitalization of
17 this proposed project, particularly the
18 willingness to put \$50 million of equity
19 into the project.

20 In looking at the project we find
21 this to be certainly one of most
22 attractive, if not the most attractive,
23 gaming projects from a financing

1 standpoint in the United States. Given
2 the proximity to Cincinnati with its
3 large population base and the limited
4 risk of significant competition near term
5 we are certain that this project would be
6 easily financeable in today's markets.

7 We believe the prudent
8 capitalization and the management
9 strength will enhance what is already a
10 very, very strong presentation. We are
11 certain the dollars can be raised. It
12 can be done on very attractive terms
13 within 90 to 120 days of the granting of
14 licensure, and it is our view that
15 financing for this project is not an
16 issue. Thank you.

17 MR. EDMUNDS: Thank you, Frank.
18 Based on Salomon Brothers'
19 recommendations we proposed a structure
20 that would include \$135 million in
21 project financing and \$50 million in
22 equity for total project financing of
23 \$185 million.

1 We'd like you to understand a few
2 things related to the funding. First of
3 all, it does not rely on the cash flow of
4 our other operations, and our other
5 operations will have no reliance on the
6 cash flow of Lawrenceburg.

7 Our free cash flow from our other
8 operations and our free cash flow from
9 the temporary facilities are not included
10 in the calculations. These additional
11 cash flows will give us a cushion, a
12 contingency that could be used for
13 capital expenditures or other uses,
14 something that we value very importantly
15 as a company because of our conservative
16 position.

17 At this time I'd like to turn our
18 presentation over to John Spina. John is
19 our executive vice president of
20 operations and recently joined the
21 company.

22 In your handouts that you'll be
23 given after the presentation you'll find

1 a case study by the Harvard Business
2 Review which covers the work that John
3 and other members of the management of
4 Resorts International carried out in
5 their turn-around of the resort's
6 property. I'd like to turn it over to
7 John now.

8 MR. SPINA: Thank you, Ken. As
9 important as bricks and mortar are to
10 this project, the positioning and
11 marketing of the Ameristar Casino
12 Lawrenceburg will ultimately ensure its
13 long-term success.

14 Most gaming projects are designed
15 and built with marketing as an
16 afterthought. We at Ameristar analyzed
17 the market with the help of Dr. Jeremy
18 Longhar from Gaming Research, Inc. and
19 integrated our marketing position with
20 the design of the facility.

21 We started with the marketing
22 assumptions that there would be
23 competition from Ohio and Kentucky in the

1 year 1999 or the year 2000, that this
2 market will produce \$600 million in
3 gaming revenue, that future competitors
4 will not be able to match Ameristar's
5 capital investment, and that our revenue
6 will depend heavily on the day-trip
7 market.

8 With those assumptions in mind we
9 developed a very extensive marketing plan
10 based on the realities of this market.
11 The key to developing a marketing plan is
12 the formulation of the marketing
13 objectives. Our first objective is to
14 make the substantial investment in
15 marketing to guarantee long-term
16 viability.

17 Our revised marketing budget was
18 submitted to staff, but it was after the
19 SPEA analysis. It reflects basically the
20 same spending in the first three years of
21 operations with an increase in the
22 competitive and fourth years -- fourth
23 and fifth years I should say.

1 Due to the confusion in Evansville
2 regarding the comparability of the
3 marketing budgets I wanted to identify
4 the key components of our proposed
5 marketing spending plan. These expenses
6 are complimentary, operating marketing
7 costs, and retail marketing.

8 Complimentaries are a powerful tool
9 in attracting and retaining players.
10 These costs typically fluctuate with the
11 level of gaming revenue and are defined
12 as variable marketing costs. Our plan
13 proposes spending over 45 million during
14 the first five years of operation.

15 The second component of marketing
16 is a cost associated with player club
17 benefits and player development
18 programs. These costs are historically
19 accounted for in the operating budgets in
20 the slot and table departments. We are
21 projecting over \$19 million in these
22 expenditures over the first five years of
23 operations.

1 And the third component of the
2 marketing budget is retail marketing. We
3 included entertainment, advertising and
4 public relations, and the motor coach
5 program in this category. Retail
6 marketing costs are projected to be
7 approximately \$30 million over the five
8 year period.

9 In total Ameristar will spend an
10 average of \$19 million annually on
11 marketing. Our marketing expenditures
12 will increase in absolute dollars and as
13 a percentage of revenue in the fourth and
14 fifth years in anticipation of
15 competition.

16 The second objective is to maintain
17 or exceed our market fair share relative
18 to our percentage of gaming positions in
19 the market with three additional
20 casinos. This will be accomplished by
21 executing our marketing plan and
22 increasing our marketing expenditures in
23 the fourth and fifth years with

1 competition in the market.

2 Our third objective is to develop
3 the highest consumer awareness of any
4 casino in the region when competitors
5 enter the market. This will be
6 accomplished by spending 15 million on
7 advertising over the first five years
8 focusing on the primary message that
9 Ameristar offers superior quality at
10 affordable prices and a first class
11 facility.

12 Once we formulated our objectives
13 the key question was how do we position
14 this project to meet our long-term
15 objectives. The answer is to create the
16 premier entertainment attraction in the
17 region that will focus on excellent guest
18 services and customer satisfaction.

19 While the Lawrenceburg project will
20 have all the amenities of a complete
21 resort, our revenues will depend heavily
22 on the day-trip market. This is because
23 of its proximity to several major

1 metropolitan markets.

2 Ameristar will implement casino
3 marketing programs designed to build
4 customer loyalty by creating switching or
5 conversion costs to the patron. This is
6 a concept very similar to the frequent
7 flyer program that the airlines have.
8 The basis of these programs would be that
9 the consumer would lose future benefits
10 that they have earned if they switch to a
11 competitor.

12 Another strategy is the use of
13 sophisticated technology to create a
14 competitive advantage. The customer
15 database that includes each player's
16 gaming history will be used in direct
17 mail and telemarketing programs using
18 tailored offers. This approach is
19 extremely effective in building customer
20 loyalty and driving revenue.

21 This database will also be used to
22 yield manage the casino boat. This
23 technique will optimize revenue by

1 putting the premium players on the boat
2 during peak periods.

3 Our entertainment policy will
4 emphasize nationally known entertainment
5 such as Gladys Knight, Ray Charles, and
6 Tom Jones in our 2,000 seat special
7 events arena.

8 As we have demonstrated at our
9 Jackpot properties and in Vicksburg
10 restaurants targeting each segment and
11 offering superior quality at affordable
12 prices is an effective marketing tool.
13 This will be employed in Lawrenceburg.

14 We will develop cost effective
15 motor coach and air programs. The motor
16 coach program will serve a 150 mile
17 radius while the air program will be
18 designed to transport premium players
19 from our out-of-market cities.

20 The marketing plan that is in our
21 handout details many more strategies and
22 tactics. We at Ameristar are very
23 confident this plan will ensure the

1 long-term success of this project.

2 As Jeff and Ken pointed out,
3 Ameristar has been working toward this
4 day for more than 20 months. Our
5 relentless effort reflects our commitment
6 to the Lawrenceburg project. As a
7 company we are just as committed to those
8 principles that make our organization
9 successful.

10 We firmly believe that long-term
11 achievement is based on how we treat our
12 employees and what value we can add to
13 our community. Ameristar's dominance in
14 our markets is not only attributable to
15 effective strategies but the motivated
16 staff needed to execute those plans.

17 We have made and continue to make
18 an investment in our most valuable asset,
19 the employees of Ameristar. Our goal at
20 each location is to be the employer of
21 choice by providing the environment, the
22 programs to make Ameristar the best
23 employer in the region.

1 When fully operational we will
2 employ 2,100 fulltime employees with a
3 total annual compensation of 54 million.
4 Tip income will add another 17 million in
5 annual compensation for an average of
6 \$25,700 per employee per year.

7 We project also that this
8 development will create 1,600 indirect
9 jobs for a total annual employment impact
10 to the region of \$106 million. We will
11 provide at no cost to the employees
12 training in a variety of positions such
13 as dealers and surveillance officers.

14 These training programs will be
15 developed in conjunction with Ivy Tech
16 State College of Lawrenceburg for the
17 development of gaming and the leisure
18 curriculum. We truly understand that a
19 successful operation depends on a well
20 trained employee base.

21 We are committed to a fair
22 treatment policy and to equal opportunity
23 to all. While no firm national gaming

1 industry statistics are kept on hiring of
2 minorities and women, I am sure Ameristar
3 has one of the best records on this issue
4 of any gaming company in the country.

5 Ameristar has a commitment to
6 address our major social issues that
7 affect the industry and the community.
8 We have developed comprehensive
9 intervention programs for gambling,
10 improper gambling, underage gambling, and
11 alcohol abuse. Internally our employees
12 assistance program will provide
13 confidential counseling on alcohol and
14 drug abuse.

15 Ameristar is unique in its approach
16 to the opening of new casino operations.
17 Our president and CEO, Craig Nielsen, and
18 other senior management will personally
19 oversee the opening of Ameristar Casino
20 Lawrenceburg.

21 We have embarked on a massive
22 recruiting effort, and the result is the
23 hiring of John Lucas who will be the GM,

1 formerly the senior VP of operations from
2 the Sands Atlantic City; Brenda Bauer,
3 who will be the VP of gaming, formerly
4 the director of gaming for Harrah's in
5 Atlantic City and for our Council Bluffs
6 project. This will free our corporate
7 team, including myself, to be in
8 Lawrenceburg to plan and open the
9 project.

10 We intentionally took actions in
11 Vicksburg and Jackpot to move key gaming
12 personnel to Lawrenceburg. This core
13 group will hire and train the staff
14 required to open the temporary boat in a
15 timely manner.

16 And with that I would now like to
17 turn the podium back over to Jeff Terp.
18 Thank you.

19 MR. TERP: Thank you, John. At
20 this point I'd like to take you back to
21 February of 1994 when Ameristar first
22 opened its local office on Shore Street
23 in Lawrenceburg. To truly get a feel for

1 the needs and wants of the local
2 residents, office manager Julie Gray and
3 myself staffed the office and hung out
4 the welcome sign. Knowing that gaming in
5 Dearborn County did not pass by an
6 overwhelming majority we wanted to be
7 available to clear up any misconceptions
8 about riverboat gaming.

9 During the city's endorsement
10 process we sat down with Mayor Combs and
11 the city council to cooperate in putting
12 together a development agreement that
13 benefited both parties.

14 When the citizens of Lawrenceburg
15 said traffic was a priority we agreed.
16 When the citizens of Dearborn County said
17 that downtown preservation was a priority
18 we agreed. When the citizens of
19 Lawrenceburg said a convention center and
20 RV park was a priority we agreed.

21 As this process evolved the city
22 council visited our properties in Nevada
23 and Mississippi, and they learned

1 firsthand about our commitment to
2 quality. The result was a 5/0
3 endorsement of Ameristar by the city
4 council over a year ago.

5 Since then we have continued to
6 work with government officials, but we
7 have shifted our focus and for good
8 reason. We wanted to listen to the
9 community. We encouraged local residents
10 to stop by our office and ask questions.
11 Our office has been open every business
12 day for well over a year now, and we have
13 become a downtown fixture.

14 We have participated in community
15 affairs and events. We have used local
16 businesses for goods and supplies. We
17 are genuinely interested in the
18 suggestions that have been offered to
19 us. Simply put, Ameristar wants to be a
20 good corporate citizen. We think our
21 track record has proven that.

22 Of more concrete substance though
23 is regarding the area's future. We have

1 forums that drew area residents on how
2 they could become a part of riverboat
3 gaming. A number of business leaders
4 also visited our properties in Jackpot
5 and in Vicksburg. We realized how
6 important it was during this process to
7 have local citizens involved in our
8 project.

9 With that in mind we interviewed
10 civic leaders, and we chose three
11 individuals whose reputation is above
12 reproach. John Maxwell, Clyde Perfect,
13 and Chip Perfect are an ideal fit for
14 Ameristar, and they will chair our
15 advisory board of local citizens who hold
16 monthly meetings to provide us with
17 valuable feedback and give us advice
18 about the future of Ameristar in
19 Lawrenceburg.

20 Ameristar will compensate John,
21 Clyde, and Chip for their substantial
22 efforts with an interest in the financial
23 results of Ameristar Casino

1 Lawrenceburg. We look forward to
2 continued good relationships with these
3 individuals.

4 In addition, we are establishing a
5 source of funds for use in private
6 economic development with Clyde, John,
7 and Chip. In an effort that goes beyond
8 the commitment to the community we will
9 provide up to \$5 million in loans and
10 other assistance to help development in
11 this area.

12 We believe the commitment can
13 result in as much as \$25 million of
14 additional development in the community.
15 The first project we have identified is a
16 100-unit apartment complex that will
17 encourage potential employees to move to
18 Lawrenceburg.

19 Ameristar has also spent months
20 leading up to this hearing by helping
21 women and minority business enterprises.
22 We wanted to help them register with the
23 state so that there were no regulatory

1 delays later on. As required by the
2 Riverboat Gaming Act ten percent or more
3 of the dollar value of our goods and
4 services need to be with MBE and five
5 percent with WBE.

6 Ameristar is committed to hiring
7 Indiana first, Indiana first in hiring
8 construction workers, Indiana first in
9 buying goods and supplies, and Indiana
10 first in our employees. We are
11 committing to hiring 70 percent of our
12 employees in Dearborn County and
13 southeastern Indiana. This is Indiana's
14 resort. This is Indiana's economic
15 development. Our commitment is to
16 Indiana first.

17 Members of the Commission, when the
18 legislature passed the Riverboat Gaming
19 Act it indicated that there were several
20 criteria that were important to
21 evaluating gaming companies that you're
22 evaluating today. Our presentation today
23 we hope tells you how Ameristar meets or

1 exceeds that criteria.

2 The first criteria was the
3 character, the reputation, the
4 experience, the financial integrity, and
5 the strength of the company. Ameristar
6 has been involved in gaming since 1954
7 and is considered one of the highest
8 quality operators in the industry.

9 Frank Cohen of Salomon Brothers
10 described Ameristar as one of the best
11 run companies in the industry. We are
12 financially solid, and we have the
13 assurance of Salomon Brothers on our
14 ability to finance this project.

15 The second criteria is the scope
16 and the quality of the facilities
17 proposed by the applicant. Ameristar is
18 committed to developing the premier
19 entertainment attraction in the
20 industry.

21 The next criteria was the total
22 revenue to be collected by the state.
23 Ameristar Casino will generate over \$312

1 million in state and local revenue over
2 the first five years.

3 And, finally, the last criteria is
4 the extent to which we have met or
5 exceeded any of your other expectations.
6 You have learned that Ameristar does have
7 an excellent management team, a proven
8 marketing experience, and a very, very
9 proven strong commitment to the local
10 area.

11 But, most importantly, this act was
12 to provide economic development through
13 tourism, and the key to that is jobs.
14 Ameristar is not only creating 2,100
15 resort jobs, but 1,600 indirect jobs and
16 700 construction jobs. We've spent the
17 last 12 months working with the local
18 people and the suppliers to help them
19 prepare for this.

20 Our business roundtables and our
21 efforts there are tangible evidence that
22 our commitment is real, and our
23 commitment to the state of Indiana is

1 real. Our \$185 million development will
2 create a tourism draw that will benefit
3 all of southeastern Indiana.

4 Our corporate management will
5 oversee the operation and make this
6 resort the cornerstone of Ameristar's
7 future. This will become our flagship
8 property, and our senior management is
9 here today committed to that ideal.

10 It's now with great pleasure that I
11 turn the microphone over to Craig Nielsen
12 for some concluding comments.

13 MR. NEILSEN: On behalf of the
14 Ameristar management team I would like to
15 express my sincere thanks to the Indiana
16 Gaming Commission for allowing us to
17 appear before you today. I'd like to
18 give the Commission my personal assurance
19 that if Ameristar is awarded a license I
20 will be intimately involved in the
21 development, construction, and operation
22 of the Lawrenceburg project. This will
23 simply be a continuation of the hands-on

1 approach that I have taken to expand the
2 company into new jurisdictions.

3 I would like to give you a brief
4 summary of my thoughts on the evolution
5 of riverboat gaming and how Ameristar has
6 been involved in the cutting edge of this
7 growing industry.

8 When dockside gaming and unlimited
9 licenses were enacted by the legislature
10 in Mississippi several riverboat
11 companies quickly opened retrofitted
12 boats with few bells and whistles. While
13 this approach resulted in impressive
14 short-term profits, Ameristar Vicksburg
15 elected to build a first-class facility.
16 As a result, we lead in market share and
17 have ensured the long-term viability of
18 our project.

19 In Council Bluffs Ameristar
20 expanded its successful approach to the
21 cruise segment of the riverboat
22 industry. I believe that the creative
23 concept, significant development, and

1 commitment to quality will establish
2 Ameristar Council Bluffs as one of the
3 very best cruise riverboat properties in
4 the country.

5 In Lawrenceburg our goal is to
6 develop an aggressive and innovative
7 project. I believe what we have proposed
8 will set new standards of excellence for
9 the cruise segment of the riverboat
10 industry by establishing a level and
11 range of amenities unequaled today.

12 By properly managing and marketing
13 this project Ameristar Casino
14 Lawrenceburg will be able to maximize
15 revenues and create the greatest economic
16 benefit for the State of Indiana. Our
17 management group is highly motivated to
18 accomplish these objectives, not solely
19 for the positive financial impact on our
20 company but because we sincerely want to
21 be a part of the best project possible.

22 And personally I have a deep-seated
23 desire to build an outstanding facility

1 that will be the pride of the State of
2 Indiana, Dearborn County, the City of
3 Lawrenceburg, and Ameristar management
4 group for many years to come. Thank you
5 again for your consideration.

6 MR. TERP: Members of the
7 Commission, thank you for your time and
8 your attention, and we now stand before
9 you available for questions after your
10 break. Thank you.

11 MR. KLINEMAN: Thank you. We will
12 stand in recess for five minutes.

13 (At this time a short break in the
14 proceedings was had.)

15 MR. KLINEMAN: On behalf of the
16 Commission I want to thank you for an
17 excellent presentation and particularly
18 because you finished on time. We are now
19 into the process where the Commission
20 wishes to ask questions concerning the
21 project.

22 And, as I indicated before, it
23 would be most helpful to the court

1 reporter if you would identify yourselves
2 although by nature I'm sure one person is
3 not going to be able to answer all of the
4 questions so we would obviously expect
5 that there will be different people
6 speaking. If they would just identify
7 themselves before speaking it would be
8 helpful.

9 Well, we can probably get started.
10 Okay. We're ready then. We'll just
11 start off if any of the Commissioners
12 wish to open the question and answer.

13 MR. VOWELS: I have just a real
14 quick brief question on one point. The
15 new legislation specifically requires
16 that before we can grant a license we
17 must be certain that the boat will be
18 able to cruise. For purposes of
19 addressing that issue can you just answer
20 that question?

21 MR. TERP: I'd like to turn that
22 over to Ken Edmunds, and he'll explain
23 what we have done to be prepared for

1 that.

2 MR. EDMUNDS: My name is Ken
3 Edmunds, and regarding cruising the
4 question is whether it will be able to
5 cruise within Indiana waters?

6 MR. VOWELS: Specifically if I
7 could just address the statute it
8 requires that the Commission may not
9 grant a license to an applicant if the
10 Commission determines that it would be
11 difficult or unlikely for the riverboat
12 to depart from the dock. So the question
13 I would address to you is would it be
14 difficult for the boat to depart or
15 cruise from the dock, and if you could
16 explain.

17 MR. EDMUNDS: Actually in
18 Lawrenceburg we have the benefit of not
19 having that difficulty. We have one of
20 the widest stretches of Indiana water
21 along the entire Ohio. Our boat will
22 have a system such that it will be able
23 to turn entirely within Indiana waters

1 because of the bow thruster system we
2 will employ.

3 The boat will depart from the
4 facility, cruise upstream to the I-275
5 bridge, then turn within its own radius
6 and cruise back down to the Tanner's
7 Creek bridge, turn again within its own
8 radius and come back to the facility.
9 And we have had those plans reviewed and
10 river channels reviewed by our experts,
11 and they see no difficulty with cruising
12 in Indiana waters.

13 MR. VOWELS: I don't have any other
14 questions.

15 MS. BOCHNOWSKI: I have a question,
16 but it's jumping to a completely
17 different area. You're working right now
18 on the Council Bluffs project, and, now,
19 when is that going to be opening?

20 MR. EDMUNDS: Ken Edmunds again.
21 Council Bluffs will be opening early
22 1996.

23 MS. BOCHNOWSKI: What my concern

1 is, and I understand that you've got
2 equity or you've got cash to put into
3 that, but I'm sure you have some
4 borrowings on that also. Are you
5 overextending yourselves by taking on two
6 projects of this magnitude at once, and
7 is this a wise way to proceed, to do two
8 projects at once for your company?

9 MR. EDMUNDS: Obviously the answer
10 is going to be no, but let me explain
11 why. We have placed all of our funding
12 for Council Bluffs -- we have an existing
13 bank line of credit that will provide all
14 of our funding for that project.

15 We have elected to go to
16 stand-alone project financing for
17 Lawrenceburg, and that is because of the
18 strength of the project. We'll be able
19 to obtain very favorable rates on the
20 financing, and we'll be able to place
21 equity which will bring us into a ratio
22 that is very favorable in today's
23 market.

1 Just to give you an idea, on a
2 consolidated basis for all of our
3 companies after this is completed we will
4 have a debt to equity ratio of about 50
5 percent, 50 percent debt to equity, and
6 about 33 and a half percent total debt to
7 value of the entire company of total
8 assets. So those are still very
9 conservative numbers, and they are not
10 overextending our company.

11 MS. BOCHNOWSKI: And then I
12 understand from what you said you're
13 going to have separate management, and
14 the group that we saw here today will be
15 managing our Lawrenceburg project?

16 MR. EDMUNDS: What we are going to
17 do is we have placed our separate
18 management for Council Bluffs. We have
19 hired excellent people for that, and they
20 are in place and ready to go. But for
21 Lawrenceburg, because it is going to be
22 the cornerstone of our company, we have
23 decided that our senior management will

1 take personal responsibility for
2 overseeing this project, its construction
3 and operation.

4 MS. BOCHNOWSKI: It did seem to me
5 that I read some of you would actually be
6 moving to Lawrenceburg. Is that going to
7 be more of a headquarters then than your
8 present headquarters?

9 MR. EDMUNDS: Well -- do I have to
10 identify myself again?

11 MR. KLINEMAN: If you continue
12 we're okay, but if somebody else gets up
13 you'll have to identify yourself again.

14 MR. EDMUNDS: Actually because of
15 the magnitude of the project we do want
16 our senior management to relocate to the
17 Lawrenceburg area for its operations,
18 and, quite frankly, it actually serves as
19 another benefit for us. That area is a
20 great hub for the airport there and
21 allows us to have even better access than
22 we have currently to our Mississippi,
23 Council Bluffs, and Nevada properties.

1 MR. KLINEMAN: Along the same lines
2 on the financing there was an indication
3 that you're going to have \$50 million in
4 equity, and how is that going to be
5 raised?

6 MR. EDMUNDS: The \$50 million in
7 equity will be raised at the parent
8 company level and made as an equity
9 investment into Lawrenceburg.

10 MR. KLINEMAN: And how is the
11 parent company going to raise it?

12 MR. EDMUNDS: The parent company
13 will do it through a secondary stock
14 offering. Currently only 13 percent of
15 our company is held in public hands.
16 There is a great need to expand that even
17 without this project, but we will make an
18 offering for the \$50 million, and, as Mr.
19 Cohen said, that can be completed within
20 90 to 120 days after the certificate is
21 issued.

22 MR. KLINEMAN: So that part of the
23 financing is really dependent upon the

1 issuance of the certificate of
2 suitability; is that correct?

3 MR. EDMUNDS: The reason being is
4 because right now we don't need the
5 money. We have all of our needs
6 satisfied, and we don't need the money.
7 We would do that initial offering in
8 order to balance the debt equity in this
9 project. Otherwise we really don't have
10 the need for the funds.

11 MR. KLINEMAN: What, if any, fall
12 back plans would you have if, as some of
13 the people predict, the water might turn
14 south. It's gone so far north, but if it
15 ever turns around and goes south do you
16 have any contingency plans to obtain the
17 equity which might be needed?

18 MR. EDMUNDS: Mr. Chairman, I'd
19 like to address part of that, and I'd
20 like to turn it over to Frank Cohen to
21 complete that.

22 First of all, you need to
23 understand because of the unanimous

1 endorsement that we received we had more
2 offers than you would imagine for people
3 wanting to invest with us. They knew the
4 quality of the project, the quality of
5 the company, and we had numerous offers
6 for partners, joint venture partners,
7 equity, and those are all still on the
8 table. Those options still exist to us.

9 Quite frankly, we wanted to control
10 it as a company so we are able to
11 basically run our own future, and we
12 really don't believe that will be
13 necessary, and that's why I'd like to
14 turn it over to Mr. Cohen for a moment to
15 comment.

16 MR. COHEN: Thank you. Frank
17 Cohen. If we were to have a change in
18 the bond or equity market I don't think
19 it would affect the financeability of
20 this project certainly unless such change
21 were really quite cataclysmic so we don't
22 think there's a need for a fall back plan
23 in a very formalistic sense.

1 However, were we to suffer a sort
2 of once-in-a-lifetime fallout in the
3 public capital markets given the
4 attractiveness of the site and the
5 Lawrenceburg project, particularly the
6 market and the strength of this
7 management team, we're quite confident
8 that there would be no difficulty
9 whatsoever in raising the funding through
10 a combination of private equity, private
11 debt, and the bank markets.

12 MR. KLINEMAN: Anyone else have
13 anything on the financial part of this?

14 MR. THAR: A few questions.

15 MR. KLINEMAN: Mr. Thar.

16 MR. THAR: You indicated that you
17 took your existing line of credit and
18 utilized that for Council Bluffs, and how
19 much was that?

20 MR. EDMUNDS: Our existing line of
21 credit is \$105 million.

22 MR. THAR: So that's been committed
23 to Council Bluffs?

1 MR. EDMUNDS: Yes, it has.

2 MR. THAR: What's the interest
3 rate?

4 MR. EDMUNDS: Interest rate on
5 that, we will be using LIBOR plus 250
6 basis points which currently works out to
7 approximately 8.5 percent.

8 MR. THAR: At one point was it
9 thought that that line of credit would be
10 used for the Indiana financing?

11 MR. EDMUNDS: That is true.

12 MR. THAR: Then you don't know what
13 the rate would be to raise any type of
14 debt at this point in time; is that
15 right?

16 MR. EDMUNDS: No. Ken Edmunds
17 again. Obviously before we made the
18 decision to use the line of credit for
19 Council Bluffs and to use project
20 financing for Lawrenceburg we evaluated
21 the different options and what the cost
22 would be to that. Based on Salomon
23 Brothers' research we believe that the

1 coupon rate will be approximately 11
2 percent.

3 The most comparable rate in the
4 market right now would be the Empress in
5 Joliet, and its rate is actually below
6 that. It's at 10 3/8 percent, and on
7 ours there would be no equity kickers or
8 equity participation so there's no hidden
9 interest rates. It should be basically
10 in that range.

11 MR. THAR: And, again, to follow up
12 where Chairman Klineman was, I didn't
13 quite follow. You intend to raise \$50
14 million of equity by secondary stock
15 offer?

16 MR. EDMUNDS: At the parent level,
17 and it will be invested into our
18 subsidiary, Ameristar Casino
19 Lawrenceburg.

20 MR. THAR: And this will be an
21 equity investment, not a debt to
22 Lawrenceburg?

23 MR. EDMUNDS: That would be an

1 equity investment in Lawrenceburg.

2 MR. THAR: Presently you don't have
3 any bank or private financing lined up to
4 back up the Lawrenceburg project? That
5 would be done after licensing?

6 MR. EDMUNDS: That would be done
7 after licensing. As I said, we had the
8 options to do it beforehand, but based on
9 our work with Salomon Brothers and
10 contacts they made throughout the
11 investment community to determine the
12 availability of funds for this project
13 they strongly recommended that we wait.
14 They gave us full assurance that they
15 would be able to raise the funding
16 without difficulty, as I said, within 90
17 to 120 days.

18 MR. THAR: Salomon Brothers is here
19 as a consultant advising us that this is
20 what their advice is that they gave to
21 your company; is that correct?

22 MR. EDMUNDS: Yes. Frank, would
23 you like to cover that again?

1 MR. COHEN: Frank Cohen. Our
2 advice was that it would be much more
3 cost effective for the company to raise
4 the financing after the receipt of the
5 license. We did advise them, however,
6 that it would be quite feasible to raise
7 all or a substantial portion of the
8 financing prior thereto, but that would
9 probably be a more expensive form of
10 financing.

11 MR. THAR: But as of today we do
12 not have a financing package that we can
13 evaluate?

14 MR. COHEN: That is correct. There
15 is not a financing package in place
16 today.

17 MR. THAR: And would it be safe to
18 say that every applicant for the
19 Lawrenceburg market could most likely
20 raise financing after they had been
21 licensed?

22 MR. COHEN: I don't know who all
23 the applicants are so therefore I

1 certainly can't comment on all of them.
2 And management strength and track record
3 is a factor, but I would say -- and I
4 think this is a long-winded perhaps New
5 York manner of saying yes -- that if you
6 have a management with a strong track
7 record who is willing to sell equity
8 securities as part of its funding or
9 otherwise has equity to invest that, yes,
10 every applicant should be able to because
11 the project is so strong.

12 And, in fact, the basic point of
13 our presentation was financing is really
14 not an issue here as long as you have a
15 strong project and a strong management.
16 This project is sufficiently strong that
17 with a management team such as
18 Ameristar's it will get funded.

19 MR. THAR: Thank you. That's all I
20 have.

21 MR. KLINEMAN: Mr. Cohen, before
22 you sit down are you familiar with the
23 offers that Ameristar has received from

1 other partners for equity participation?

2 MR. COHEN: I'm familiar with some
3 of them. I don't know that I am familiar
4 with all of them. A decision was made
5 relatively early after we started working
6 with the company that they preferred,
7 because of our view of the lack of risk
8 in financing, they preferred to wait.

9 MR. KLINEMAN: And based upon that
10 which you know of the people who did make
11 such an offer do you believe they have
12 the financial wherewithal to participate
13 at a level that they indicated, or do you
14 have any information on that at all?

15 MR. COHEN: I really have very
16 minor information. What I do know there
17 would be absolutely no question about
18 it. I'm also quite certain that were a
19 license granted there would obviously be
20 no problem. The number of people seeking
21 to put money in would far exceed the need
22 for money.

23 MS. BOCHNOWSKI: Do you have an

1 estimate of what the interest rate might
2 be? Let's say, all things being equal,
3 if the certificate of suitability were
4 granted today what kind of interest rate
5 would they be looking at?

6 MR. COHEN: If it were -- the only
7 really viable estimate I would have would
8 be if it were today.

9 MS. BOCHNOWSKI: Right, I
10 understand.

11 MR. COHEN: I would say it's in the
12 neighborhood of 11 percent. I would be
13 very surprised if it deviated
14 substantially one way or another from 11
15 percent. It's not going to be an eight
16 percent interest rate, and it's not going
17 to be a 14 percent interest rate.

18 MS. BOCHNOWSKI: I have a question
19 that's really just to satisfy my own
20 curiosity. It seems like gaming
21 companies when they borrow use the
22 LIBOR. Is it LIBOR?

23 MR. COHEN: Yes.

1 MS. BOCHNOWSKI: Why do they use
2 that instead of like T-Bills because that
3 seems like it's a lot more volatile than
4 something that's set by our own --

5 MR. COHEN: That's really just a
6 question of what the banks make available
7 to the borrower in terms of options on a
8 line of credit.

9 MS. BOCHNOWSKI: It just seems like
10 other kinds of business don't use that as
11 much as we hear about here.

12 MR. COHEN: I'll turn that over to --

13 MS. BOCHNOWSKI: It's just a matter
14 of curiosity.

15 MR. COHEN: Fair question.

16 MR. EDMUNDS: Ken Edmunds again.
17 If I could answer that, LIBOR, the London
18 Interbank Offering Rate, is something
19 that we had the option of using prime or
20 LIBOR. Our banks gave us that option so
21 we could get the minimum interest rate.

22 LIBOR is advantageous right now,
23 and what we do is we lock into 30-, 60-,

1 90-day periods, and we won't have any
2 fluctuation during that period. With
3 LIBOR right now we can receive about a
4 half percent benefit over what the prime
5 rate would be so we have gone that
6 direction.

7 MS. BOCHNOWSKI: So it's just a
8 matter of what is more competitive for
9 us?

10 MR. EDMUNDS: Whatever's cheaper.

11 MS. BOCHNOWSKI: It sounded like
12 that is such an odd standard.

13 MR. EDMUNDS: No. We have the
14 ability to use either, but the reason
15 they've done it is so we can get the
16 cheapest funds possible, and eight and a
17 half percent is very good right now.

18 MS. BOCHNOWSKI: Thank you very
19 much.

20 MR. KLINEMAN: Just to establish
21 where we are in this parent stock issue
22 there's been no shelf registration or
23 anything where the process would start on

1 day one I presume or day two if you were
2 to receive a certificate of suitability?

3 MR. EDMUNDS: Tom clarified it
4 would be day one. No, there is not a
5 shelf registration at this point. Our
6 company is publicly traded, and all of
7 our information is current and up to date
8 with the SEC which will allow us to
9 proceed very rapidly so that's why we've
10 said that the funding would be available
11 within 90 to 120 days, well within the
12 six months that you grant the certificate
13 of suitability.

14 MR. KLINEMAN: One of the reasons
15 given on why you haven't previously
16 raised the money to use in this project
17 is because you don't really need the
18 money. I think that was one. Is there
19 also some thought that the stock could
20 sell at a higher price if you actually
21 had a certificate of suitability for
22 Lawrenceburg?

23 MR. EDMUNDS: When Frank talked

1 about the cost of raising the money that
2 is a factor. There would be a value
3 assigned to Lawrenceburg from the very
4 beginning. It's a spectacular project,
5 and it adds value to whatever company
6 receives the certificate.

7 MR. KLINEMAN: What's been the
8 effect in Iowa vis-a-vis your stock
9 price?

10 MR. EDMUNDS: Our stock is up about
11 70 percent.

12 MR. KLINEMAN: Since --

13 MR. EDMUNDS: Since the first of
14 the year.

15 MR. KLINEMAN: When were you
16 granted the certificate or whatever you
17 received from Iowa? I'm not familiar
18 with their procedure.

19 MR. EDMUNDS: It was granted on
20 January 26th.

21 MR. KLINEMAN: And it's up 70
22 percent?

23 MR. EDMUNDS: Yes.

1 MR. KLINEMAN: Are you the leading
2 gaming public company vis-a-vis that
3 increase percentage wise?

4 MR. EDMUNDS: There are -- I
5 believe there are at least two that have
6 had higher increases in their stock
7 values.

8 MR. KLINEMAN: I'm not allowed to
9 buy any, therefore I don't pay any
10 attention to it. I really am indifferent
11 on the effect. Anyone else have any
12 questions at this point on the
13 financing? I guess we're ready to move
14 to some other topic. Do any of the
15 Commissioners have anything else?

16 MS. BOCHNOWSKI: Yes. You did talk
17 about the environmental aspects of your
18 location, and it's our understanding that
19 that Oxbow area is a concern to a great
20 number of people, and you indicated that
21 you are replacing some of the wetlands
22 that you would have to take over with
23 better wetlands. Have you had any

1 conversations with any of the
2 environmental organizations?

3 We've heard I think from who,
4 Oxbow, whatever, the Oxbow group, and we
5 are going to be hearing from them soon.
6 Have you had conversations with them? Is
7 this satisfactory to those environmental
8 groups?

9 MR. EDMUNDS: I'd like to turn that
10 question over to Jeff Terp, please.

11 MR. KLINEMAN: The Commissioners
12 will note we are now being shown the
13 layout of the area.

14 MR. TERP: Jeff Terp. Yes, we've
15 had repeated meetings with Oxbow. As a
16 matter of fact, the initial plans that we
17 started with are considerably different
18 than what you see here today. Much of
19 that is because of the conversations we
20 have had with Oxbow and the type of
21 development we have created.

22 As you can see in the red line
23 that's outlined there that's the

1 environmental buffer area. That's 32 new
2 acres of wetlands mitigation. In
3 addition, there's 18 acres there of
4 existing wetlands so we are creating a
5 50-acre wetland area.

6 We have met with the Oxbow board on
7 a number of occasions. I think you'll
8 here from them on Thursday. Hopefully
9 they will represent that we have
10 negotiated fairly with them. We have
11 made substantial changes. We have
12 listened to everything they've said. We
13 have made numerous modifications because
14 of their concerns.

15 We have also met with the board of
16 the Sierra Club and have offered
17 information to them also.

18 MS. BOCHNOWSKI: I was talking
19 about the Sierra Club as well.

20 MR. VOWELS: In reference to the
21 wetlands who has jurisdiction to decide
22 whether you can do what you want to do on
23 these lands?

1 MR. TERP: Regarding the
2 mitigation?

3 MR. VOWELS: Who do you have to get
4 permission from?

5 MR. KLINEMAN: It would probably be
6 good if you explained mitigation.

7 MR. TERP: If you look at the area
8 on the computer screen, the gray area and
9 the purple area and so forth, there is
10 approximately eight acres in there of low
11 quality wetland we are mitigating which
12 is a process where you replace existing
13 wetlands with new wetlands. Many times
14 wetlands are mitigated in what's called a
15 one to one ratio. You replace one acre
16 for every acre that you take.

17 We're mitigating at a four to one
18 rate so we're offering, based on our
19 conversations with Oxbow, that for every
20 acre that we are taking, which is eight
21 acres, we are replacing it with four
22 times that which creates the 32 acres.
23 This is part of the Army Corps of

1 Engineers' review process and far exceeds
2 normal standards of the Corps.

3 MS. BOCHNOWSKI: I have a couple
4 other questions just to clarify. When
5 you say you are replacing it with
6 wetlands are those wetlands that you are
7 actually creating or that you are
8 purchasing?

9 MR. TERP: Wetlands we will
10 create.

11 MR. VOWELS: How do you do that?

12 MR. TERP: How about if I bring up
13 Eric Ellingson who is the president of
14 Earth Source. He's our environmental and
15 wetlands expert, and he will tell you how
16 we're going to create that wetland area.

17 MR. ELLINGSON: Eric Ellingson with
18 Earth Source. The mitigation plan that
19 we have developed for the Ameristar
20 project is based on review of a number of
21 factors. To begin with, we met with the
22 Oxbow representatives, met with the board
23 of directors.

1 We have reviewed the reports and
2 information developed for Oxbow on their
3 own wetland complex, and we've also
4 coordinated with the archeologists in
5 developing a historical or geomorphic
6 model of what the area would have looked
7 like in Wisconsin Age, a period maybe
8 10,000 years ago, based on glaciation.

9 The area of the dark green within
10 the mitigation buffer will be a channel
11 or a restored oxbow. Currently this is a
12 depressional area. We will expand on
13 that and basically recover a landscape
14 that was present eight to ten thousand
15 years ago.

16 The basis for the wetland will be
17 tied to the Ohio River and high water
18 periods within the Ohio River so we
19 generally -- in developing a wetland
20 mitigation plan the most difficult
21 parameter to measure is the hydrology.
22 In this case we have the Ohio River to
23 provide our hydrology, and we have very

1 good information based on flooding events
2 in the Ohio.

3 Other issues that were brought up,
4 potential impacts of this area to the
5 oxbow wetlands, and, again, in our
6 meetings with Oxbow we addressed the
7 hydrology concerns and the additional
8 buffers, and, as Jeff pointed out, we
9 will have over 50 acres of native area or
10 natural community to buffer the oxbow
11 area.

12 MS. BOCHNOWSKI: So you creating it
13 actually involves digging out lower
14 areas?

15 MR. ELLINGSON: Correct.

16 MS. BOCHNOWSKI: Does that involve
17 planting native trees or original type
18 trees or plants?

19 MR. ELLINGSON: Yes. A very
20 extensive planting plan will be
21 developed. The planting plan will
22 actually occur over a period of two years
23 to utilize flow regime or high and low

1 water periods in the Ohio River. The
2 plant community that would be a part of
3 this is primarily a forested wetland area
4 which is essentially what the area would
5 have been early in cultural occupation or
6 before man got in there and started to
7 manipulate the environment.

8 What we are looking to bring in are
9 fast growing woody species that form
10 somewhat of a catalyst or a temporary
11 growth matrix. Then we also have a large
12 component of the oak bottom land
13 hardwoods that comprise the native
14 communities associated with this area.
15 This is one of the largest endeavors
16 undertaken in Indiana.

17 MS. BOCHNOWSKI: That should be
18 real interesting, and you would actually
19 be creating successional if you sped up
20 the process.

21 MR. VOWELS: The Jurassic Park of
22 the -- What is your role? I didn't catch
23 your name, and I'm not sure how you are

1 associated with the applicant.

2 MR. ELLINGSON: I'm sorry?

3 MR. VOWELS: Your name?

4 MR. ELLINGSON: Eric Ellingson with
5 Earth Source. We have provided
6 environmental services.

7 MR. VOWELS: And you have done that
8 sort of thing in other places?

9 MR. ELLINGSON: Extensively, yes.

10 MR. VOWELS: As far as the
11 permission with the Corps of Engineers, I
12 don't know who can answer this question,
13 but will there be any problems with
14 getting the permit because this will be
15 for private development purposes?

16 MR. ELLINGSON: The issue with the
17 Corps of Engineers is primarily the
18 pendency of the project to a water
19 related activity. We believe that a
20 riverboat project is a water project, and
21 that will weigh heavily into the Corps'
22 determination whether they can proceed
23 with the project.

1 MR. VOWELS: Are these federal
2 lands or who owns it?

3 MR. TERP: Conservancy District.

4 MR. VOWELS: What is that?

5 MR. TERP: Jeff Terp.

6 MR. VOWELS: You're going to have
7 to purchase this?

8 MR. TERP: No. This is all land
9 owned by the Lawrenceburg Conservancy
10 District. So one of the criteria that
11 the Corps looks for as they're going
12 through the list of criteria is, first of
13 all, did you attempt to mitigate on
14 site. If you can't mitigate on site did
15 you mitigate in the same drainage basin
16 or the same area.

17 And the third criteria is where did
18 you go mitigate if you couldn't meet
19 that, and one of the things Eric has been
20 able to create for us, and also with the
21 cooperation of Oxbow, is we are going to
22 have 100 percent on-site mitigation on
23 the Lawrenceburg Conservancy District

1 land that we are leasing.

2 MR. VOWELS: In the Oxbow group we
3 heard about them quite a while ago and
4 since over the period of time. What's
5 the status of their position on your
6 proposal if you know?

7 MR. TERP: I'll speculate, but you
8 will be able to ask them for sure on
9 Thursday. From our perspective we have
10 had a very good relationship with them.
11 They have been very fair and very
12 honest. We have shared many things with
13 them. They have been very cooperative in
14 offering ideas. Much of this is because
15 of some of their suggestions and some of
16 their initial concerns.

17 I would speculate that, first of
18 all, they would just as soon not have any
19 development in Dearborn County, but if
20 there was development in Dearborn County
21 a company like ours with this type of a
22 mitigation plan meets with their
23 approval, and we are willing to commit to

1 this, and we have committed this for
2 their approval.

3 MS. BOCHNOWSKI: When you say I
4 think it was low quality or low grade
5 wetlands what is that versus better
6 wetlands? How do you --

7 MR. ELLINGSON: Eric Ellingson
8 again. The way we have evaluated the
9 wetlands, initially the deliniation was
10 done on the Corps of Engineers Wetlands
11 Determination Manual. That doesn't
12 identify any quality rating of the
13 wetlands. It's simply whether it meets
14 the jurisdictional parameter.

15 The quality value that we've used
16 or developed for this area was based on a
17 wetland evaluation technique also, and
18 basically that's based on the social and
19 economic functions of wetlands or
20 societal and biological functioning of
21 wetlands.

22 And addressing each factor of the
23 wetlands identified on site there's a

1 high, moderate, and low rating system,
2 and the wetlands that we have identified
3 through the wetland evaluation technique
4 generated a low rating.

5 MS. BOCHNOWSKI: So in general does
6 that mean that there aren't too many
7 animals living there?

8 MR. ELLINGSON: The evaluation is
9 based on wildlife, on hydrology or
10 permanence of the area, other social
11 economic impacts of the wetland or how
12 that relates to the surrounding area.

13 MS. BOCHNOWSKI: So by calling this
14 a low quality, or whatever the term was,
15 you're saying that by using this and not
16 getting rid of these wetlands that you
17 are not doing too much to the area?

18 MR. ELLINGSON: The evaluation is
19 covered with the mitigation in that we
20 are replacing it at a substantially
21 greater rate, and that is generally
22 accepted as a suitable method for
23 replacing the wetlands.

1 As far as one of the other aspects
2 of our work on the site was the
3 environmental assessment or biological
4 assessment in which we looked at
5 endangered species that could potentially
6 occur within this range.

7 And also we looked at the potential
8 for mussel beds within the Ohio River
9 which is something that would be a
10 federal concern through the Endangered
11 Species Act or a state concern through
12 the various state programs, and our
13 results of that study did not identify
14 any federally or state endangered species
15 within the project area.

16 MS. BOCHNOWSKI: Because while you
17 can replace wetlands, you can't force
18 these species to move from one area to
19 the other. I mean, that would be almost
20 impossible.

21 MR. ELLINGSON: With different
22 types of species, the mussels if they
23 were to occur within the wetland, they

1 tend to be pretty static. Plants also
2 don't move. Some of the mammal species
3 what we are actually constructing here
4 would benefit them greatly.

5 Currently the site does not provide
6 critical habitat for the Indiana bat.
7 Our mitigation area coupled with the
8 existing wetland area will provide
9 suitable habitat area which would be the
10 Indiana bat habitat.

11 MS. BOCHNOWSKI: Thank you.

12 DR. ROSS: How does this area --
13 what is it related to, the oxbow area
14 that we hear about all the time, your
15 mitigated area?

16 MR. ELLINGSON: The oxbow joins the
17 property.

18 MR. TERP: Commissioner, if you
19 look at the red outline on your screen
20 the oxbow property joins up next to this
21 property, some of the land that the Oxbow
22 group owns. The oxbow lake is actually
23 -- which is a lake which is the old

1 oxbow where they got their name -- is
2 actually about a half a mile away from
3 the buffer zone of our mitigation area.
4 Currently the land you see in this buffer
5 area and also the land adjacent to us is
6 currently agriculture. Right now there's
7 corn or soybeans in that area, but Oxbow
8 does own some of the land immediately
9 adjacent to us, their organization.

10 MR. THAR: What has the Army Corps
11 of Engineers specifically had to say with
12 regard to the mitigation?

13 MR. ELLINGSON: We have reviewed
14 the mitigation proposal or the mitigation
15 concept with the Corps of Engineers, and
16 there has not been significant feedback
17 on that. We presented both the
18 mitigation monitoring plan, a development
19 plan, and our preliminary design of the
20 site, and we had no comment, significant
21 or -- no negative comment regarding that
22 design.

23 MR. THAR: No comment or no

1 negative comment?

2 MR. ELLINGSON: No negative
3 comment.

4 MR. THAR: If I understand your
5 construction of the project correctly it
6 hinges in part upon the creation of new
7 levies; is that correct?

8 MR. EDMUNDS: Ken Edmunds again.
9 I'd like to answer that. Yes, it does
10 require the creation of a levy that will
11 include about a 30-acre parcel. As you
12 can see, the green outlines, the majority
13 of the facility, is that new levy. It
14 extends the existing city levy. It will
15 be on a 30-year flood level.

16 MR. THAR: What is the
17 environmental impact of the creation of
18 that levy?

19 MR. EDMUNDS: Well, the
20 environmental impact had to do with the
21 wetlands. The wetlands are basically in
22 the area where you see the parking
23 garage, the darker gray, and that is the

1 primary impact that we had to deal with
2 as far as the site was the relocation of
3 the wetlands to the new buffer zone.

4 MR. THAR: The creation of that
5 levy will require the movement of a large
6 amount of dirt?

7 MR. EDMUNDS: Yes, it will.

8 MR. THAR: And where will it come
9 from, and what is the impact of that to
10 the construction of the levy overall?

11 MR. EDMUNDS: Well, one of the
12 reasons we have John Maxwell as one of
13 our local participants is because of his
14 knowledge of the area, and we have
15 identified several borrowing sources that
16 are easily available for the creation of
17 that levy.

18 MR. THAR: Does your levy tie into
19 the existing levy?

20 MR. EDMUNDS: Yes, it does.

21 MR. THAR: And what is the Corps'
22 feeling with regard to that tie-in?

23 MR. EDMUNDS: As long as we do not

1 violate the existing levy there is
2 typically not a problem with that, and we
3 will have to build it to a Corps of
4 Engineer standard that will assure the
5 flood protection that it will be meeting
6 which is a 100-year flood protection.

7 MR. THAR: Has your plan been
8 submitted and discussed with the Corps?

9 MR. EDMUNDS: Yes, it has.

10 MR. THAR: And what has been their
11 response to date?

12 MR. EDMUNDS: The wetland
13 mitigation, they have looked at it, and
14 they have asked for some additional
15 information which has been provided, and
16 there has been no negative comment.

17 MR. THAR: You have indicated there
18 are some archeologically significant
19 points, but you have adjusted your
20 project so it won't affect them; is that
21 the representation you made today?

22 MR. EDMUNDS: There are some
23 significant archeological sites, and we

1 have avoided those. Actually most of
2 those lie on the dry side of the CSX
3 railroad tracks. But in any of these
4 areas there is a requirement for
5 mitigation. No matter who is developing
6 along the river there is a requirement
7 for mitigation which is a subsurface
8 investigation to determine what exists,
9 and what I'd like to do is have Steve
10 Creaseman, who is a cultural resource
11 analyst, talk briefly about that.

12 MR. CREASEMAN: Steve Creaseman,
13 cultural resource analyst. We have
14 undertaken the preliminary subsurface
15 investigation of the Lawrenceburg
16 development area in order to identify
17 significant cultural resources that lie
18 below ground.

19 Surface reconnaissance has been
20 performed some time ago by Ball State
21 University of the development area, and
22 what we are in the process of doing is
23 identifying significant archeological

1 remains that do lie below the ground.

2 And we've looked on a preliminary
3 basis at about three quarters of the
4 area, and we've identified four primary
5 sites, and we've been working with
6 Ameristar in ways that we can design the
7 project to avoid the sites where we can
8 avoid them.

9 At this point we have not
10 identified any site that would require
11 the preservation in place. They could be
12 mitigated by normal archeological
13 procedures or through avoidance, through
14 redesign of the project area.

15 MR. THAR: So, in other words, that
16 work is not completed yet?

17 MR. CREASEMAN: No, it's not fully
18 completed. We are still in the analysis
19 stage, but we've done enough work that we
20 have a pretty good idea of what's going
21 to be there across the entire development
22 area.

23 MR. THAR: That's all I have.

1 MR. KLINEMAN: Just explain
2 archeological problems. I mean, we're
3 not looking for another tomb of an
4 Egyptian or anything. What are the --

5 MR. CREASEMAN: What we're looking
6 for are the remains of prehistoric
7 Indians that lived in Dearborn County and
8 all over the United States, and basically
9 we're looking at the remains that we see
10 below the ground, those sites that have
11 been buried by centuries of deposition
12 along the Ohio River, and it's very
13 common phenomena to have buried
14 archeological sites all along the Ohio
15 River.

16 I don't think -- there's very few
17 places that you could go out and look and
18 not find archeological remains. It's a
19 matter of identifying them, how many
20 there are, how many occupations you have
21 there, whether you can mitigate the
22 impacts to those remains through
23 excavation, and most normal circumstances

1 you can do that.

2 Very few sites require hand sifting
3 or in-place preservation of archeological
4 remains. We don't have the spectacular
5 burial mound sites there that one would
6 assume would require in-site
7 preservation. We don't have that in the
8 development area.

9 MR. KLINEMAN: And to discover
10 whether you have those things what do you
11 do, like test borings?

12 MR. CREASEMAN: Yes. We are
13 actually using a combination of
14 techniques that are kind of new to some
15 of this investigation. We're doing some
16 fairly sophisticated geomorphic modeling
17 where we're reconstructing ancient
18 landscapes, what the land looked like
19 5,000, 10,000, 2,000 years ago, and that
20 tells us where we're likely to find
21 archeological remains.

22 It's really kind of simplistic in
23 some sense. No Indian is going to live

1 in a flood basin where they're flooded
2 every few weeks, and we try to identify
3 where those flood basins occurred, and we
4 do have a fairly large flood basin within
5 the project area where we haven't found
6 archeological remains as opposed to
7 natural levies which are a little higher
8 and dryer.

9 And, yes, we have archeological
10 remains on the levies, but it does entail
11 digging backhoe trenches, taking solid
12 borings, a combination of things that we
13 can use to determine the presence of
14 archeological sites.

15 MR. KLINEMAN: And what basis does
16 the Corps of Engineers use to approve or
17 disapprove a site like this? Do they
18 make an independent investigation and
19 come back and say You missed a couple
20 sites, or do they rely upon your --

21 MR. CREASEMAN: They generally rely
22 upon our work in evaluating the results
23 of our investigations, the detail that we

1 go into conducting the survey and the
2 process that we've used in the evaluation
3 of the sites that we do discover in
4 combination with the state SHPO's
5 office.

6 And before we started this
7 subsurface investigation we had to
8 prepare a plan on how we would approach
9 the subsurface investigation which was
10 prepared and submitted to the DNR and was
11 approved by DNR. They granted us the
12 permit to do the subsurface investigation
13 so they're very comfortable with the
14 methodologies that we're using here
15 apparently.

16 MR. KLINEMAN: Then in your
17 professional opinion you're comfortable
18 with saying that you would believe the
19 Corps of Engineers would approve this
20 site based upon what you have found so
21 far?

22 MR. CREASEMAN: Yes. In my
23 experience, and it's been short but

1 considerable, 20 some years, I have never
2 seen a project that was killed because of
3 archeology.

4 MR. KLINEMAN: Okay.

5 MR. VOWELS: What do you mean?
6 What if you did find an Indian burial
7 ground? Then wouldn't that cause
8 problems with this?

9 MR. CREASEMAN: No, it really
10 wouldn't. Those are remains that we do
11 treat. We take special care with the
12 Indian remains, burials, and there's
13 NACRA. We have to follow federal
14 regulations in terms of the removal and
15 the reinterment of Native American
16 graves.

17 MR. EDMUNDS: If you don't mind
18 just to clarify, what this process is,
19 they go through, and what we have asked
20 them to do, they go in and create a
21 matrix over the entire project and go in
22 and do digs over the entire project in
23 order to identify that.

1 Where we're at right now is we have
2 basically established a matrix that isn't
3 quite as tight so we can go over the
4 entire project. And, as Steve said, we
5 have been over three quarters of it, and
6 that is the three quarters we were
7 concerned with, and by doing that we have
8 been through the process to say here are
9 the potential areas where more work is
10 necessary.

11 We will have to come back in and
12 complete a more tight matrix, but as far
13 as finding something out there that we're
14 not aware of currently we don't believe
15 that will be the case.

16 MR. VOWELS: And where are you
17 now? Do you feel comfortable that there
18 are no archeological problems, nothing of
19 any significance there within the grounds
20 here?

21 MR. CREASEMAN: Steve Creaseman
22 again. I'm not saying there's nothing of
23 any significance. There are significant

1 archeological sites, but what I'm saying
2 is using normal archeological methods
3 that those sites can be mitigated.
4 There's nothing there that we have
5 identified or that we anticipate finding
6 that would require the site to be
7 preserved in place, not be disturbed.

8 MR. VOWELS: Let me just ask this:
9 The law firm I worked for, we represented
10 someone in Gibson County who was
11 federally charged and probably by Mr.
12 Thar.

13 MR. KLINEMAN: In his prior life.

14 MR. CREASEMAN: GE mound?

15 MR. VOWELS: Exactly. Someone from
16 a university had assessed that land at
17 some point in time and determined there
18 wasn't anything there, and our client,
19 along with some other people, were well
20 aware that there were things there, took
21 them out, and was federally prosecuted.

22 The Indians have had real problems
23 with the disturbance of those burial

1 grounds much less a relocation of that.
2 My question leads up to you. I want to
3 hear your credentials, and hopefully they
4 are far superior to the university person
5 who evaluated that in Gibson County. Can
6 you help me briefly?

7 MR. CREASEMAN: I hold a master's
8 degree in anthropology with a
9 specialization in archeology. I am
10 certified by the Society of Professional
11 Archeologists. I belong to a number of
12 professional archeological groups. I am
13 a member of the Society of American
14 Archeology.

15 I have 23 years experience in doing
16 this kind of archeological investigation
17 contract work. I have taught
18 undergraduate college courses in
19 archeology and in anthropology. I have
20 served for ten years as a principal
21 investigator on archeological
22 investigations.

23 MR. VOWELS: Are you familiar with

1 what was going on there?

2 MR. CREASEMAN: Yes, I'm familiar
3 with GE mound. GE mound is a special
4 circumstance in that mound sites, burial
5 mound sites, are a very unique phenomena,
6 and they just don't occur on every piece
7 of property all up and down the river.

8 The work of Ball State in doing an
9 area wide survey for Dearborn County to
10 the best of my knowledge at this time has
11 only identified one potential burial
12 mound site, and it's located well away
13 from this project area, and it's actually
14 in an area where you would expect to find
15 burial mounds. This is not necessarily
16 an area that you would expect to find
17 burial mounds. What we have here are
18 camp sites and maybe small villages.

19 MR. VOWELS: The GE sites, I
20 remember a deposition taken of an
21 archeologist of the impact. He was
22 almost brought to tears by the historical
23 significance that was destroyed by our

1 clients and their cohorts. Makes me
2 proud to be a lawyer.

3 MR. THAR: Allegedly.

4 MR. VOWELS: No, no allegedly.

5 There were mistakes made in that area by
6 whoever evaluated that area, and would
7 you agree with me on that point? Is that
8 correct?

9 MR. CREASEMAN: Yeah, I would agree
10 with you on that point, and that was done
11 quite a few years ago that that area or
12 initial assessment of that site was done,
13 and our level of expertise, our
14 techniques have vastly improved through
15 the years.

16 And there is some quality control
17 that goes on in this in terms of the
18 Corps review of our work as well as the
19 state SHPO's review of our work to try to
20 ensure that things like that do not
21 happen, State Historic Preservation
22 Office within DNR.

23 MR. VOWELS: Thank you.

1 MR. KLINEMAN: Anything else on
2 this topic? I'd like to move on to the
3 traffic problem and get a better idea of
4 what you're intending to do immediately
5 and who is going to pay for it and what
6 you -- I guess you have another plan
7 which would be the optimum traffic
8 pattern, and who is going to pay for
9 that?

10 MR. EDMUNDS: If you don't mind I'd
11 like to show you a series of exhibits
12 which obviously we didn't have time to do
13 in our 60 minutes. This is one we
14 discussed in our presentation, and this
15 requires a new interchange before the
16 50/275 intersection, and it's a free
17 flowing intersection that allows traffic
18 to go directly along the right-of-way
19 near the railroad tracks into our site.

20 We'd also keep our temporary or
21 original access. If we could go back to
22 the 275/50 intersection, this is the
23 intersection of 275 and 50 which really

1 is the biggest problem right now. It has
2 some congestion that exists.

3 What we proposed here is the
4 addition of a second left-hand turn lane
5 and a new signal that will allow traffic
6 to move more easily. This will create a
7 lot more volume, and we will be able to
8 maintain what they call a level of
9 service C which is a convenient level of
10 service for people on that road. And
11 down at our next point which is our --

12 MR. KLINEMAN: Could I interrupt
13 you for just a minute. Are you talking
14 about that work being done by just
15 restriping the existing road, or would it
16 actually be an additional lane, and, if
17 so, who is going to pay for it?

18 MR. EDMUNDS: It requires a
19 widening of both roads in order to
20 accommodate that and --

21 MR. KLINEMAN: Both 50 and 275?

22 MR. EDMUNDS: To accommodate what's
23 drawn there, yes, and we will be paying

1 for that.

2 MR. KLINEMAN: And do you have an
3 estimated cost?

4 MR. EDMUNDS: Jeff says 750. We
5 actually have our traffic consultants
6 here who can give you an idea on that,
7 but it would be approximately 750.

8 MR. KLINEMAN: Put zeros in that
9 for me.

10 MR. EDMUNDS: 750,000.

11 MR. KLINEMAN: And you have that
12 scheduled to come along when vis-a-vis
13 your possible temporary opening?

14 MR. EDMUNDS: Obviously it's going
15 to require the cooperation of INDOT, but
16 that can be accomplished on a timely
17 basis so that it can be available for the
18 temporary facilities.

19 MR. KLINEMAN: All right. I didn't
20 mean to interrupt you, but I just wanted
21 to take these step-by-step so go on.

22 MR. EDMUNDS: Then down at our site
23 we'll have similar improvements to the

1 original access road to 50. What we'll
2 have here is another signalized
3 intersection with the double left-hand
4 turn lanes.

5 One of the things here, there's
6 already a traffic problem in downtown
7 Lawrenceburg, not downtown but through
8 Lawrenceburg, and what this signalized
9 intersection here will do, it will be
10 synchronized with the new system that
11 will run through 50 in Lawrenceburg so
12 that the traffic flow even with this
13 signal will be greatly improved over what
14 it is currently.

15 We have committed the funds for
16 that and the funds for the improved
17 signal system through Lawrenceburg. That
18 is part of our development agreement with
19 the city.

20 MR. KLINEMAN: And that would come
21 on simultaneous with your -- obviously
22 because you have to build that road.

23 MR. EDMUNDS: That would come on

1 line with the improvements of 275 and
2 50.

3 MR. KLINEMAN: And what is the
4 estimated cost of that, or is that
5 included in the 750,000?

6 MR. EDMUNDS: It will actually be a
7 little less than that, and it's included
8 in our project budget, probably around
9 \$500,000. The signalizing through
10 downtown Lawrenceburg I believe that's
11 another \$500,000, and that is in our
12 commitment.

13 MR. KLINEMAN: That's on down the
14 line from your project?

15 MR. EDMUNDS: Yes.

16 MR. KLINEMAN: Okay. And then I
17 guess the next is your permit. Where are
18 you on the commitment to create the
19 interchange?

20 MR. EDMUNDS: If you could go back
21 to the Greendale access.

22 MR. KLINEMAN: We have finished the
23 topic of what we'll call the temporary

1 traffic?

2 MR. EDMUNDS: It is our temporary.
3 This requires the use of city land and
4 also requires the acquisition of some
5 properties right at the interchange.
6 Because, once again, it involves the
7 I-275 connector it will require the
8 cooperation of INDOT to do that.

9 The city of Greendale is strongly
10 in favor of this, and we have also
11 reviewed the plans with Oxbow, and they
12 want to know what any development in this
13 area is going to do. We think that we
14 can accomplish this without any adverse
15 impact.

16 This cost is also included in our
17 overall commitment for infrastructure
18 improvements in the area as part of our
19 existing budget. It would come on line
20 later. We haven't actually set the time
21 frame for it, but we know that the city
22 of Greendale is highly in favor of it
23 because it creates flood protection for

1 their industrial area which they do not
2 currently have.

3 MR. KLINEMAN: Do all the
4 Commissioners understand, at least I do,
5 that there would be an access and an
6 entrance access from 275?

7 MS. BOCHNOWSKI: So people wouldn't
8 be going on 275?

9 MR. EDMUNDS: It doesn't require
10 any stopping on the 275 connector, free
11 flow right into our parking areas.

12 MS. BOCHNOWSKI: And then you said
13 the city of Greendale is in favor of
14 this?

15 MR. EDMUNDS: Actually they have
16 signed a resolution supporting this, and
17 we have reviewed that with Greendale and
18 Oxbow. Jeff, would you care to cover
19 that?

20 MR. TERP: Actually they have not
21 signed a resolution.

22 MR. KLINEMAN: Would you state your
23 name?

1 MR. TERP: Excuse me, Jeff Terp.
2 We do have a copy of the signed
3 resolution. We do communicate with the
4 company. We met with the town of
5 Greendale, soon to be city, and presented
6 this idea to them, showed them what the
7 opportunities were.

8 They obviously signed a resolution
9 and agreed to what we are presenting.
10 And it offers many unique benefits both
11 with keeping the traffic off U.S. 50 and
12 the potential of flood protecting the
13 Greendale industrial area.

14 MS. BOCHNOWSKI: How can a road
15 protect against flooding?

16 MR. TERP: First of all, the road
17 would be elevated a great degree, but,
18 most importantly, if you look at the top
19 of the screen where the U.S. 50 access is
20 there is the potential of taking that
21 overpass that loops there at the top,
22 extending a levy system across U.S. 50
23 behind what is called the Ameristar

1 convenience area, which you may have seen
2 on your tour, and by creating some kind
3 of levy similar to what is in
4 Lawrenceburg now and adding a flood
5 gate.

6 That is a low spot at U.S. 50 and
7 I-275. If we were to put a flood gate in
8 there we could help flood protect the
9 Greendale industrial park which would
10 allow that land to be fully developed.

11 MR. VOWELS: Would that be then an
12 additional cost to what you have
13 estimated?

14 MR. TERP: That's included. We've
15 estimated that the total traffic
16 improvements that Ken has showed you here
17 is approximately \$7 million. That's what
18 we have put in our binding agreement with
19 the City of Lawrenceburg, our development
20 agreement.

21 MR. VOWELS: You are going to
22 reconstruct the levy and tunnel under the
23 railway?

1 MR. TERP: On the temporary
2 access?

3 MR. VOWELS: No, on the permanent
4 access.

5 MR. TERP: This one you're looking
6 at? No.

7 MR. VOWELS: Yes.

8 MR. TERP: No. We are not
9 tunneling under any railroad tracks for
10 the access off 275. We are running right
11 along the existing railroad tracks.

12 MR. VOWELS: So you have to go over
13 tracks?

14 MR. TERP: No. The tracks actually
15 at U.S. 50 veer to the left and cross
16 over on the left.

17 MR. VOWELS: Down here on the
18 bottom between here and the red star?

19 MR. TERP: How about if I point.

20 MR. EDMUNDS: He's referring to
21 within the site.

22 MR. VOWELS: Are those railroad
23 tracks?

1 MR. TERP: I'm sorry. I will be
2 glad to. There is a series of CSX
3 railroad tracks, two sets of parallel
4 tracks here. We will create a tunnel
5 system and a levy flood gate that will go
6 underneath the tracks. If you have ever
7 been to Disney World and after you exit
8 the monorail and come into Magic Kingdom
9 it will be a very similar process there.
10 That is right here on the CSX tracks that
11 run parallel to the road.

12 MR. VOWELS: Is that included in
13 the cost estimate of 750,000?

14 MR. TERP: Yes, that's included.
15 That's actually part of our site expense
16 that's itemized in a different -- once
17 you get on to our complex, Ameristar
18 property, that's not considered a traffic
19 improvement. That's considered part of
20 our site development cost.

21 MS. BOCHNOWSKI: Are those railroad
22 tracks on the levy? Is that --

23 MR. TERP: No. They cut through

1 the levy.

2 MS. BOCHNOWSKI: Okay. So would
3 you be tunneling under the levy at all?

4 MR. TERP: We will not tunnel under
5 the levy at any point. We will tunnel
6 under the railroad tracks, the CSX tracks
7 that run parallel to it.

8 MS. BOCHNOWSKI: My concern was is
9 that an Army Corps of Engineer issue?

10 MR. TERP: No. That's not an issue
11 with the Army Corps because that entire
12 area will be flood protected by the new
13 levy.

14 MR. VOWELS: And are these active
15 tracks?

16 MR. TERP: Yes, sir.

17 MR. VOWELS: And do you have to get
18 any permission or an agreement with the
19 railroad?

20 MR. TERP: Yes. We have been
21 discussing it with CSX. I don't know if
22 they're here today, but I thought they
23 were going to be here. We have had

1 repeated negotiations. We have offered
2 some money to access those railroad
3 tracks with an easement, a right-of-way
4 easement underneath those. Their process
5 is if we are granted the license, or
6 whoever gets a license, that they will be
7 more than delighted to negotiate with
8 us.

9 MR. VOWELS: So you haven't reached
10 any agreement about the cost?

11 MR. TERP: We know what the cost of
12 the right-of-way easement would be.

13 MR. VOWELS: But you don't know
14 what the --

15 MR. TERP: It would be
16 approximately 200,000.

17 MR. VOWELS: Is that included in
18 the seven fifty, or is that included in
19 the plans?

20 MR. TERP: That's included in the
21 site development costs.

22 MR. KLINEMAN: Don, I think that
23 seven hundred fifty has to do with the

1 temporary plus five hundred at the other
2 intersection.

3 MR. EDMUNDS: A total of seven
4 million for all.

5 MR. KLINEMAN: The rest would be on
6 the permanent?

7 MR. TERP: Correct. The \$7 million
8 just is really limited to where the arrow
9 points to proposed temporary and
10 secondary access and the interchange at
11 the top and the red road that you see
12 coming down to that proposed temporary
13 secondary access. That is \$7 million
14 dollars for that point. The remaining
15 red line that goes toward the railroad
16 tracks becomes part of the construction
17 site costs.

18 MR. VOWELS: We haven't got a copy
19 of the Greendale resolution yet. Has
20 that been submitted? But anyway
21 Greendale is all right with this?

22 MR. TERP: Yes.

23 MR. VOWELS: And we did hear from

1 them, and they are concerned.

2 MR. TERP: Yes. They support the
3 concept of the interchange, one, and,
4 two, they strongly support the concept of
5 flood protection for Greendale.

6 MR. MILCAREK: You stated that it's
7 going to take the cooperation of the
8 Department of Transportation. In what
9 form, in engineering, in permits, or in
10 financing?

11 MR. TERP: It will not require
12 their support of the financing. This is
13 something that we are paying for.
14 Because we are accessing a highway that
15 is under the jurisdiction of the Indiana
16 Department of Transportation they will
17 have to give us permission to build those
18 designs.

19 As Director Thar is well aware,
20 they have held their review process for
21 any of these type of interchanges until a
22 certificate of suitability has been
23 granted to an applicant. Our engineers

1 are here today, and they can tell you
2 what we are proposing here is not out of
3 the norm. It's been done in other places
4 especially since we're paying for it and
5 the state doesn't have to do anything.

6 MR. MILCAREK: How will these
7 changes affect the possibility of another
8 county receiving a license? Would this
9 help that situation? Say traffic would
10 increase through Lawrenceburg not only to
11 your site but to another site.

12 MR. TERP: So I'm clear, you're
13 saying another site in Switzerland or
14 Ohio Counties?

15 MR. MILCAREK: Yes. How would your
16 changes affect that?

17 MR. TERP: Our changes would help
18 the viability of those potential licenses
19 immensely. Approximately 90 percent of
20 our total traffic we estimate is going to
21 be coming from I-275. If we can turn 90
22 percent of that traffic off on to our
23 project before they come to the

1 interchange of U.S. 50, before they have
2 to drive down U.S. 50, we have greatly
3 improved the area for traffic flow, and
4 it will make other licenses what we call
5 down the river much more viable from the
6 traffic standpoint. We have a copy of
7 the resolution too if you would like to
8 have a copy of that.

9 MR. VOWELS: I'd just like to see
10 it submitted so I can read through it
11 later.

12 MR. EDMUNDS: It's currently signed
13 by the Honorable Jack Braun of the County
14 of Greendale and other people within the
15 area. I believe they're still in the
16 process of obtaining the final
17 signatures, but it does have the
18 signature of the council president.

19 MR. VOWELS: I have a question in
20 reference to this Whitaker property. Can
21 you bring something up on the screen, at
22 least when we were looking at the
23 Conservancy District, so I can have an

1 idea of where her land sits?

2 MR. TERP: If you look at the lower
3 portion of the green area there which is
4 our levy and picture -- let me do it this
5 way. This might be easier. If you look
6 at this site, and you can kind of compare
7 it to the screen, here is the CSX
8 railroad tracks that run along here.

9 Debbie Whitaker's property runs
10 along this property going in this
11 direction adjacent to our city levy and
12 along the railroad tracks so she is bound
13 by the CSX railroad tracks that run along
14 the river, our property, and then the
15 adjacent property owner upstream.

16 MR. VOWELS: And without it getting
17 too much because I'm not certain at all
18 that this is a form to be concerned about
19 whether somebody's landlocked or not, but
20 can you give me an idea of where you all
21 are in talking with her or resolving that
22 issue? She may get an easement through
23 your property?

1 there. What we're going to try to do is
2 help the owners by controlling some of
3 the access so that only they have access,
4 and the kids going down there to play and
5 so forth are limited.

6 MR. VOWELS: What about the
7 mitigation that you talked about? Is
8 that going to impact the people who have
9 that land down by the river?

10 MR. TERP: No. Our mitigation plan
11 does not negatively impact any of the
12 adjacent owners, and Eric, one of the
13 qualifications that he can substantiate
14 that, he talked a lot about hydrology
15 analysis. There will be no negative
16 impact.

17 MR. VOWELS: In Evansville we saw
18 some objections to the Department of
19 Natural Resources changing some parks.
20 Is that going to be a similar issue where
21 people who own land along the river there
22 can make an objection to a permit? Are
23 you familiar with that procedure?

1 MR. TERP: I am familiar with the
2 process. Anybody can make an objection
3 to any Corps permit. That's part of the
4 30-day notice process. All I can state
5 is that I don't know whether anybody will
6 make an objection, but nobody can make an
7 objection based on any valid concerns
8 that's not been addressed scientifically
9 by our engineering staff.

10 And if they do raise an objection
11 we have spent a great deal of time and
12 money evaluating all those objections,
13 the potential objections, that we have
14 solutions for and the Corps will have
15 before them to evaluate them. But I
16 can't stop somebody from saying they just
17 don't want a development there.

18 MR. THAR: On the Whitaker property
19 among the various representations made by
20 or on behalf of Miss Whitaker there is a
21 representation that when the water rises
22 that your project will have access cut
23 off, and the only way to your project

1 will be over her land. What is your
2 response?

3 MR. TERP: She's incorrect.

4 MR. THAR: You are familiar with
5 that?

6 MR. TERP: I'm familiar with the
7 statement you just stated.

8 MR. THAR: That allegation?

9 MR. TERP: Yes.

10 MR. THAR: And your company's
11 position is that is incorrect?

12 MR. TERP: She is incorrect. We
13 will not have any access ever denied to
14 our site nor will we be cutting any
15 access off to her site regardless of the
16 river level.

17 MR. VOWELS: I had asked a question
18 earlier, and I don't remember if I
19 received an answer or not. Will there be
20 any problem within that Conservation
21 District because it's private development
22 versus public use?

23 MR. TERP: No, sir.

1 MR. KLINEMAN: To follow up, the
2 statement was made that you have legal
3 opinions that back up the right of the
4 Conservancy District to enter into a
5 lease; is that correct?

6 MR. TERP: Yes, sir. As you
7 recall, you received a letter
8 approximately six or eight months ago
9 from an individual that stated that the
10 Conservancy District couldn't lease land
11 for private uses. Dan McInerny with
12 Bose, McKinney & Evans is here to answer
13 questions and give a brief summary.

14 It's a permitted use for the
15 Lawrenceburg Conservancy District to
16 lease the land to the City of
17 Lawrenceburg. We will enter into a
18 sublease with the City of Lawrenceburg.
19 The terms of that agreement, the lease,
20 have been presented. It's not been
21 approved, and that is a very standard
22 practice for a conservancy district to
23 lease the land.

1 MR. VOWELS: That just goes to show
2 you the power of subliminal contact. I
3 had no idea where I thought that was, but
4 that's where it came from was that
5 letter. I didn't think I came up with it
6 on my own.

7 MR. KLINEMAN: Well, an opinion,
8 you have a written opinion to that effect
9 or you just have the oral?

10 MR. TERP: I have a letter that
11 we'd be glad to submit to you that
12 outlines all the issues regarding
13 conservancy districts, regarding the
14 ability of conservancy districts to lease
15 land and the other issues that have been
16 raised that we would be glad to submit to
17 you from Bose, McKinney & Evans.

18 MR. KLINEMAN: And basically it
19 says the Conservancy District could not
20 lease it directly to you, but it could
21 lease it to the city and the city could
22 sublease it to you; is that correct.

23 MR. TERP: That's correct, yes.

1 Make sure I'm not misstating a lawyer's
2 words but yes.

3 MR. KLINEMAN: Well, I think if
4 there is a written opinion I think we
5 probably ought to include that in the
6 record because that's been one of the
7 objections that's been made as we've
8 indicated.

9 MR. TERP: We'd be glad to submit
10 that to you. End of the week all right,
11 Chairman?

12 MR. KLINEMAN: Beg your pardon?

13 MR. TERP: By the end of the week?

14 MR. KLINEMAN: Yeah. We're going
15 to be here for a while.

16 MR. THAR: The first of next week
17 is good too.

18 MR. TERP: The first of next week.

19 MR. KLINEMAN: Anybody else have
20 anything on this matter?

21 MR. THAR: On a somewhat different
22 topic.

23 MR. KLINEMAN: We're ready.

1 MR. THAR: The marketing figures
2 that we analyzed as part of our analysis
3 seem somewhat low, and I believe you
4 altered those, did you not, in your
5 representations today?

6 MR. TERP: Yes, sir.

7 MR. THAR: Will you tell me, your
8 marketing figures had indicated, based
9 upon our analysis, an average over five
10 years of 1.8 percent of total revenue.
11 How have you adjusted those figures?

12 MR. TERP: I'd like to turn that
13 over to John Spina, our executive vice
14 president of operations.

15 MR. SPINA: John Spina. We put a
16 slide up on your monitor which is the
17 revised marketing budget. I think if you
18 want to -- if you cut to the quick, to
19 the chase, we can go to the bottom and
20 look at the total marketing cost. We
21 have increased it as a percentage of
22 revenue from 8.28 percent in the year
23 1996 to 11.83 percent in the year 2000.

1 You will see the huge increases
2 really when we assume the competition
3 will enter the market in the year 1999,
4 and also it increases in the year 2000
5 when we anticipate further competition.

6 MR. THAR: Prior to these increases
7 what did you show your percentage of
8 gross revenues to be?

9 MR. SPINA: It was running budget
10 around 2.3 percent of gross before this
11 increase.

12 MR. THAR: And why did you make the
13 change?

14 MR. SPINA: Because we felt it was
15 safe to be conservative and make an
16 assumption that there would be
17 competition from Kentucky or Ohio in the
18 fourth and fifth year.

19 MR. THAR: I understand, but there
20 is a significant change in '96 and '97
21 also.

22 MR. SPINA: There's very little
23 change in those years from the original

1 plan.

2 MR. THAR: Can you resubmit those
3 figures then because our figures that we
4 utilized showed approximately three
5 percent of total revenue for year one,
6 1.5 percent for year two.

7 MR. EDMUNDS: Ken Edmunds. If I
8 could clarify that. What we did as part
9 of our presentation is to clarify how our
10 marketing breaks out. The number you
11 have been focusing on is what we call
12 retail marketing costs, and those retail
13 marketing costs are the same in '96 and
14 '97. We have reduced them from
15 approximately \$6.6 million to \$6 million
16 in '98 but increased them in '99 and
17 2000.

18 The remainder of the budget that
19 we're referring to here is included in
20 other line items within our budget. They
21 have not changed. Our complimentaries
22 are the same in the first three years and
23 our operating costs.

1 We have increased our
2 complimentaries in '99 and 2000 and
3 increased our retail marketing in '99 and
4 2000 so the variation you see, the
5 numbers as far as breaking it out by
6 their specific categories, there is no
7 change in '96, there is no change in '97,
8 there is actually a slight decrease in
9 '98, then an increase to meet the
10 competition in '99 and 2000.

11 MR. THAR: So you are representing
12 that '96 and '97 are the same as the
13 figures we had for analysis?

14 MR. EDMUNDS: That is why we wanted
15 to clarify that because based on what we
16 saw in Evansville it appeared that there
17 was confusion as to whether it's retail
18 marketing or if it's these other areas.
19 That's why we wanted to break out these
20 other areas of complimentaries and
21 operating costs within the departments
22 from those departmental budgets so you
23 can see the total magnitude of our

1 marketing effort.

2 MR. THAR: And while we're on the
3 anticipation of the start of the project
4 and through the onslaught of competition,
5 the figures we used show that in year one
6 you would have approximately 1,999 jobs.
7 Year two it would grow to 2,721. By year
8 five it decreases to 1,844.

9 MR. EDMUNDS: Ken Edmunds again.
10 We prepared a conservative scenario
11 assuming competition comes on line in '99
12 or 2000. Our average over the five years
13 is 2,100 employees. Obviously maybe we
14 were doing damage to ourself by being
15 conservative. If competition does not
16 come on line in Ohio, and from the looks
17 of things that may be deferred, or in
18 Kentucky then the job level will
19 typically continue to increase with our
20 volumes.

21 What you have seen is us allowing
22 you to show what happens to us as a
23 company and to our marketing efforts when

1 competition comes on line. There should
2 be no assumption of decrease in jobs or
3 revenues if that competition doesn't
4 occur in Ohio or Kentucky.

5 MR. THAR: But assuming the
6 competition does why don't you explain to
7 me why we'd want to select your company
8 when we could anticipate a loss of almost
9 a thousand jobs.

10 MR. EDMUNDS: Actual decrease of
11 jobs would be from about 2,500 to just
12 around 1,800. It is a function of
13 managing our business so that we are able
14 to maintain a profitability which allows
15 us to be competitive long-term. Most of
16 our labor is variable with the revenue
17 levels, and it's only a reasonable
18 business assumption we believe that we
19 would manage our labor properly to
20 maintain a profitability over the
21 long-term.

22 MR. THAR: Well, you take a
23 community the size of Lawrenceburg and

1 the loss of a thousand jobs is quite
2 significant. I'm using a thousand
3 because the figures we had were 2,721
4 down to 1,844 which is just short of a
5 thousand. What type of plans does
6 Ameristar have to put into place,
7 something to help these people find new
8 employment or to add employment into the
9 community?

10 MR. EDMUNDS: First of all, let me
11 address the one issue that drives this,
12 and that is the presence of competition.
13 We don't believe that we will be able to
14 control the competition in Ohio and
15 Kentucky, and that is a reality that we
16 have had to deal with.

17 As far as placement of our people,
18 our company is in a strong growth mode,
19 and we would like to have people
20 progressing into supervisory and
21 management roles and continue with us as
22 a company.

23 Actually we are finding that a lot

1 of the people that want to return to
2 Lawrenceburg or to Council Bluffs from
3 our other operations have come on board
4 in anticipation of moving to those areas
5 so we think that we will use those people
6 within our company because they will come
7 in.

8 MR. THAR: So your present plan
9 would be to transfer them someplace
10 else?

11 MR. EDMUNDS: At their discretion.
12 Obviously it's voluntary, but people are
13 always thrilled at the possibility of
14 progress and allowing them to move into
15 supervisory and management positions.

16 MR. THAR: Correct me if I'm wrong
17 in this particular area. I want to look
18 at your Vicksburg operation. Is your
19 Vicksburg operation now performing better
20 than it did when it started up?

21 MR. EDMUNDS: Yes. For example, we
22 have increased our market share from 29.7
23 percent in November to over 35 percent

1 dips down to less than three and a half
2 million. But years two and three it's
3 6.66 percent, 6.5 in year three, then
4 jumps up to 9.34. I'm trying to figure
5 out how you're getting more people
6 coming.

7 MR. SPINA: John Spina. In the
8 first three years of operation in this
9 very strong market without competition
10 we're going to be able to drive those
11 numbers of people through that facility.

12 MR. VOWELS: I'll just jump ahead
13 here. Year two and three there won't be
14 any competition?

15 MR. SPINA: Right. We are not
16 assuming competition until 1999.

17 MR. VOWELS: So year four the
18 attendance dips down and you have to
19 advertise more?

20 MR. SPINA: Right. We will pump
21 more into the marketing programs, yes.

22 MS. BOCHNOWSKI: Can I see the
23 marketing slide again, the one that shows

1 the marketing costs that you have? I
2 want to write those down. Is it in the
3 book you gave us?

4 MR. SPINA: Yes. It would be in
5 our handout.

6 MR. KLINEMAN: I have a question
7 about the comps. The comps center around
8 the admission; is that correct?

9 MR. SPINA: It centers around
10 admissions, food, nonalcoholic beverages,
11 entertainment. There's various
12 categories. A large piece of it is
13 admissions, especially in our fourth and
14 fifth years when there's competition.

15 MR. KLINEMAN: As Mr. Thar pointed
16 out when we were having hearings in
17 another area of the state, the admissions
18 seem to be the first thing to go, and
19 that adversely affects the amount of
20 revenue that --

21 MR. SPINA: Exactly.

22 MR. KLINEMAN: -- and tax revenues
23 and fee revenues that we can expect.

1 MR. SPINA: Exactly. If you look
2 at the slide that's up there this shows
3 your gross admission revenue and what
4 we're projecting in comp. You can take
5 two approaches to admissions. You can
6 just reduce the amount of admissions for
7 everybody that enters the boat, or we
8 think our approach is a smarter marketing
9 approach which is identifying the better
10 players then comping them, giving them
11 free admissions.

12 So what you look at here is the
13 complimentaries for the better players
14 are lower in our first three years, and
15 it boosts up with your competition.
16 You're comping more people so your net
17 admissions revenue actually decreases
18 substantially between the year 1998 and
19 the year 2000. So the year 2000 our net
20 admission revenue will decrease to
21 9,829,000. That's actually what cash we
22 will collect because we're comping the
23 good players.

1 MR. KLINEMAN: You're comping
2 almost half the people that come?

3 MR. SPINA: Well, it's going to be
4 that competitive. If there are three
5 other boats in the area we feel it's
6 going to be that competitive, and I think
7 the other markets with admission fees
8 have shown that competition, especially
9 in Illinois.

10 MR. KLINEMAN: And the state would
11 be the one that would suffer as a result
12 of the comps?

13 MR. SPINA: No. We are guaranteed
14 -- it's \$3 that we guaranteed.

15 MR. KLINEMAN: Regardless of the
16 comps?

17 MR. SPINA: Exactly. That is why
18 we book it as a gross revenue amount.

19 MR. VOWELS: You've got the average
20 annual gross gaming receipts per
21 passenger per trip in the first year at
22 \$70 then it goes down to \$55 each year
23 thereafter. Is that based upon the

1 assumption that the gamblers will get
2 smarter?

3 MR. EDMUNDS: Ken Edmunds.

4 Actually what occurs, that is our
5 temporary vessel. It has a smaller
6 capacity, and therefore the patrons that
7 -- it would be more crowded, and the
8 patrons that come on board we will expect
9 will be particularly -- with the way we
10 approach our marketing we will be
11 targeting those people that are our
12 better players, and that will result in a
13 higher win per admission.

14 Once we have greater capacity with
15 the permanent vessel we think that will
16 decrease. Actually the 55 is probably
17 conservative. If you look at the boats
18 in the Joliet area right now they're
19 looking at just under \$65 per admission
20 currently.

21 MR. VOWELS: In reference to the
22 temporary boat when do you -- if you were
23 granted the certificate of suitability

1 whenever we do that, in the next, say,
2 month sometime, when would you expect the
3 temporary boat to be available?

4 MR. EDMUNDS: We have two options
5 available for our temporary site. The
6 one we originally pursued was part of our
7 permanent facilities and that we had a
8 very conservative time line on. We think
9 we can accelerate that so it can be ready
10 a few months after. It will tie into our
11 parking garage and use a temporary
12 pavilion.

13 But the city has a desire to
14 accelerate the time line so what they've
15 done is they have pursued an alternate
16 site in the downtown area on Walnut
17 Street. They have a Corps of Engineer
18 application in, and they can -- they will
19 receive a permit between August and
20 September which would allow the facility
21 to open in November or December.

22 MR. VOWELS: And how long would you
23 anticipate that the temporary location

1 would have to be in use before the permit
2 would be ready?

3 MR. EDMUNDS: We will -- the
4 permanent boat should be available within
5 12 to 14 months. The actual permanent
6 facilities will be 100 percent completed
7 in early 1997.

8 MR. VOWELS: And we received some
9 letter from Jeffboat this morning, and I
10 haven't read it all the way through.
11 What is the relationship there with
12 Jeffboat? Have you obligated yourself to
13 award them the contract if you receive
14 this license?

15 MR. EDMUNDS: We do not have a
16 final contract with Jeffboat. We still
17 have some design estimates that need to
18 be resolved. Jeffboat has been working
19 with Rodney Lane & Associates who
20 designed our vessel for the Lawrenceburg
21 market, and there are things we'll still
22 need to provide input on, but we believe
23 we've been able to shorten up the process

1 to get them into construction sooner with
2 what we've accomplished.

3 MR. MILCAREK: You mentioned on
4 your temporary site on Walnut Street --
5 we toured that area -- that parking was a
6 problem. How would you get patrons in
7 and out of that area?

8 MR. EDMUNDS: We would not be able
9 to park in that area. What we would do
10 is provide a busing system. We have land
11 under option which is not part of our
12 development that could be used as a site
13 for parking and transfer of our patrons
14 to the downtown area.

15 We are very concerned about
16 downtown, and, frankly, there are some
17 things that need to be resolved without a
18 negative impact to the downtown. But
19 that busing program would be how we would
20 get the patrons there.

21 I don't know if you've been in the
22 Cincinnati airport. Going out to
23 concourse C they have a little bus

1 system, very efficient, very comfortable,
2 that people can ride in. The total round
3 trip would be about three to four minutes
4 to get them into the site from our
5 parking area.

6 MR. MILCAREK: How would you
7 prevent people from short-circuiting that
8 and driving their cars right downtown?

9 MR. TERP: Jeff Terp. One of the
10 things we've been working on with the
11 business district and one of the
12 cooperative efforts we would like to do
13 is, first of all, try to create some type
14 of restriction that would ban any
15 additional parking being created.

16 One of the things we have been
17 working with the business district, and I
18 believe they're here today to answer any
19 questions for you, is we do not want to
20 negatively impact that. We do not want
21 to have cars coming down and trying to
22 park close.

23 If we can work cooperatively with

1 the city and the business district to
2 say, first of all, no more parking
3 garages, no more homes being turned into
4 parking lots, we are going to prevent a
5 great deal of that. In other words, if
6 there's some cooperation and we all work
7 together we'll prevent that.

8 An additional benefit or an
9 additional item that we'll do is some
10 extensive signage that we will at our
11 temporary site move everybody off so they
12 do not go into Lawrenceburg, and we will
13 create some other methods to try to
14 alleviate that.

15 MR. EDMUNDS: One of the methods of
16 addressing that is controlling where your
17 ticketing occurs. The people who come
18 down there who can buy a ticket and get
19 on the vessel, that's going to be a
20 problem. And so what we're going to do
21 is control where the ticketing occurs so
22 they can't just come to the boat and get
23 on. By controlling that we force them to

1 park in an area that we control.

2 MR. THAR: What is the key to the
3 start of your temporary operation? You
4 have said November or December, but what
5 is that based on?

6 MR. EDMUNDS: Everything is
7 contingent upon the Corps process, and
8 that is why the city -- as you are aware
9 the applicants, although we've submitted
10 our applications the Corps has not been
11 able to act on those. They're waiting
12 for the certificate to be issued. The
13 city didn't have that restriction, and
14 they are proceeding with their Corps
15 application.

16 MR. THAR: So what is the date from
17 which that November/December time line is
18 based upon?

19 MR. EDMUNDS: If I could I would
20 have Doug Ralston representing the city
21 as their engineer address that.

22 MR. RALSTON: Would you repeat the
23 question, please?

1 MR. THAR: They have estimated that
2 they could open up in a temporary
3 location in November or December of
4 1995. The question's very simple. It's
5 what is that time line based on as a
6 start point?

7 MR. RALSTON: My name's Doug
8 Ralston. I'm with PDR Engineers, and I'm
9 representing the city. We have had
10 engineers working on the temporary
11 facility. We have filed the application
12 with the Corps. My understanding is that
13 it's going to take about 60 days to 90
14 days to get the permit approved. That
15 includes a complete design of the
16 temporary docking facility, about 60 to
17 90 days. You caught me, sir, off guard.

18 MR. THAR: Well, by 60 to 90 days
19 that's sometime in August or September.
20 So you're saying you could get your
21 temporary site up and running by November
22 or December?

23 MR. RALSTON: I understand from my

1 contact with our engineers on the civil
2 side of it that that is indeed the time
3 line that we're going under. By the end
4 of the year we should be capable of
5 having a docking facility in place that
6 would accommodate a temporary riverboat.

7 MR. THAR: Well, Ameristar will be
8 the one that will build it, right, on
9 their project?

10 MR. RALSTON: There are a couple of
11 firms that could use the same temporary
12 boat.

13 MR. THAR: Each of those firms
14 would build the site; is that correct?

15 MR. RALSTON: Each of those firms
16 has agreed or are agreeing to work on the
17 design of the facility.

18 MR. THAR: Let me start again. If
19 you get the Corps permit in August for
20 Ameristar when could you open up
21 temporarily?

22 MR. RALSTON: As I've said before
23 and as has been stated, by November or

1 December.

2 MR. THAR: I want to ask the
3 company that's going to be operating it.
4 The city's saying November or December.
5 Ameristar, do you agree with that? Mr.
6 Edmunds?

7 MR. EDMUNDS: Yes. From what we've
8 seen of the design that is possible, and
9 it requires about three months for our
10 training process so that fits the time
11 line for getting people on line and for
12 the construction as we understand it.

13 MR. THAR: So your time line is
14 basically from the time the Army Corps of
15 Engineers says it's okay to go to the
16 temporary location you're talking
17 approximately three months to opening?

18 MR. EDMUNDS: Three to four
19 months.

20 MR. THAR: Three to four months.
21 That's all I wanted to know.

22 MR. RALSTON: We have initiated
23 design of the temporary docking facility

1 so that's in progress.

2 MR. THAR: Okay.

3 MR. KLINEMAN: Maybe I missed it,
4 and I probably did. The parking for the
5 temporary site is at the foot of Walnut?
6 Where would parking be?

7 MR. EDMUNDS: Parking would be a
8 remote site near the old fairgrounds
9 across U.S. 50. That is where we would
10 bus from. This is a diagram -- actually
11 it's not the one I want. This shows our
12 proposed facilities if we did it at our
13 site. Could you go to the city site?

14 The city site is right at the foot
15 of Walnut Street, and it would be -- the
16 approximate area would be the green
17 rectangle that is near our site. If you
18 look across the light line there's
19 another green rectangle towards the top.
20 That is approximately where the parking
21 would be.

22 MR. TERP: The fairgrounds is
23 located right over here. It's actually

1 the grounds adjacent to the fairgrounds
2 for parking.

3 MR. KLINEMAN: Then the
4 construction of the additional lanes on
5 275, 50 and so forth would not happen in
6 connection if you did the city site?

7 MR. EDMUNDS: No. We would
8 continue with those because that plan
9 still would be necessary. It's still
10 within the time frame we discussed
11 earlier.

12 MR. KLINEMAN: So we would have a
13 temporary then another temporary?

14 MR. EDMUNDS: You would have
15 improvements to 50 which we don't view as
16 being temporary. They are a necessary
17 long-term improvement. We would have
18 temporary parking away from the site if
19 the city site is used.

20 MR. KLINEMAN: To your knowledge
21 there are no problems, environmental or
22 archeological or anything, in connection
23 with the use of the city site; would that

1 be a correct statement?

2 MR. EDMUNDS: None that we're aware
3 of.

4 MR. KLINEMAN: And none that the
5 city's aware of I presume?

6 MR. EDMUNDS: They agree.

7 MS. BOCHNOWSKI: So, in other
8 words, you would use the city site -- the
9 advantage of the city site is just that
10 they can go ahead and start the
11 permitting process earlier and be ready
12 than your temporary site?

13 MR. EDMUNDS: Even though we've
14 submitted our application to the Corps of
15 Engineers they can't act on it until you
16 issue a certificate of suitability so our
17 time line is being deferred based on your
18 decision process. The city does not have
19 that limitation.

20 MR. VOWELS: I have just a couple
21 brief questions. You had stated during
22 the presentation that there were 25
23 business people who visited Vicksburg; is

1 that correct? Who paid the travel and
2 expenses to go down there?

3 MR. TERP: They did. Many people
4 went down on vacations. I can think of a
5 local laundry man that wanted to learn
6 more about what he would need to do to
7 prepare, and that was at his expense.

8 MR. VOWELS: I have just one other
9 question. You received the city council
10 endorsement along with Indiana Gaming and
11 Boyd Gaming in June of 1994; is that
12 correct?

13 MR. TERP: That's correct.

14 MR. VOWELS: And I would assume you
15 are aware of the letter that Jack Thar
16 received from Mayor Combs. My question
17 would be if you received a license that
18 endorsement or pseudoendorsement from the
19 Mayor, would that impact or create any
20 liabilities with the city to conduct your
21 affairs?

22 MR. EDMUNDS: No, sir. One of the
23 advantages in the city council

1 endorsement process, obviously it was
2 probably one of the most thorough
3 processes in the country that we're aware
4 of, but, more importantly, we have
5 entered into a very definitive
6 development agreement with the city.
7 That is the driving force. We have
8 cooperated and worked well with the city
9 council in the last year and don't see
10 any detriment in the letter.

11 MR. KLINEMAN: Anything else? New
12 topic? Are we about to the end of the
13 road then? Well, I want to thank Mr.
14 Neilsen and all the people he brought
15 today. It's been a most informative
16 session, and we thank you. We will take
17 now our lunch break. I guess we ran over
18 a little bit so we will hear from Boyd at
19 quarter of 2:00, and we'll stand in
20 recess until then.

21 (At this time the noon recess was
22 taken, after which the following
23 proceedings were had:)

1 MR. KLINEMAN: We'll be coming back
2 to order now. First, I'd like the record
3 to show that Mr. Sundwick has joined us,
4 and we're all very appreciative of the
5 fact that he's been through quite a lot
6 since the last time we saw him, and it
7 was all very successful. So welcome
8 back, Bob.

9 We will probably start these
10 proceedings by the Commission being
11 seated in the first row so we can hear
12 the Boyd presentation so I guess ten of,
13 eleven of.

14 MR. TABBERT: May we proceed, Mr.
15 Chairman?

16 MR. KLINEMAN: You may proceed.

17 MR. TABBERT: Don Tabbert of Boyd
18 Gaming. Mr. Chairman, members of the
19 Indiana Gaming Commission, Mr. Thar, Mr.
20 Hannon, members of your staff, Boyd is
21 the third largest gaming company in the
22 United States, but as significant as size
23 and capacity are in any gaming market

1 what happens after a license is awarded
2 is just as crucial, and that means that
3 you need to take a good hard look at the
4 leadership and personnel of a company
5 which the Commission and its staff must
6 work with for many, many years.

7 December 16, 1993, at the
8 conclusion of the licensing hearing for
9 Boyd Gaming in the state of Mississippi
10 General Paul Harvey, the executive
11 director of the Mississippi Gaming
12 Commission, made this unsolicited public
13 statement: "Mr. Boyd, this has probably
14 been one of the finest organizations that
15 we have worked with. It's really a model
16 to go by on how you bring a casino into
17 operation."

18 Members of the Commission, people
19 do make the difference, and there is a
20 clear difference in the people of Boyd
21 Gaming. Boyd is three for three in the
22 emerging gaming markets just like
23 Lawrenceburg. Boyd operates three

1 properties where each is the leader in
2 its market.

3 Again, Boyd is three for three, and
4 Boyd is also nine for nine. Today Boyd
5 operates nine casino entertainment
6 complexes, and all of them are
7 successful, all nine. Boyd lives up to
8 its promises to quickly build its
9 projects.

10 All of the funds to build this
11 Lawrenceburg project are available now.
12 There are no strings attached. The debt
13 portion is fully committed by a group of
14 major banks. The equity portion is
15 already on deposit in Indiana banks, one
16 four blocks away from here, \$50 million
17 cash in Indiana right now.

18 In Boyd Gaming's presentation you
19 will hear and I firmly believe will
20 become convinced of these seven clear and
21 decisive points. One, Boyd has the City
22 of Lawrenceburg's endorsement. Two,
23 Boyd's site will work, and we will get

1 into action very quickly and for sure.
2 No more problems of wondering whether or
3 not we have the land. We have the land.

4 Three, Boyd Gaming has 20 years of
5 development experience. Four, the
6 project financing is certain. Equity is
7 on deposit and ready to go. Five, Boyd
8 has unsurpassed gaming experience. Six,
9 Boyd is a good employer and is an
10 outstanding corporate citizen. And,
11 seven, Boyd has an unmatched reputation
12 of integrity. You can trust us.

13 Lawrenceburg market is large, and
14 the challenge is great. Boyd Gaming is
15 the company to meet the challenge for
16 Lawrenceburg, for Dearborn County, and
17 for the State of Indiana. I hope that
18 after you have considered everything you
19 take the opportunity, seize it, and bring
20 Boyd Gaming to Lawrenceburg. You will
21 never be disappointed or second guess
22 your decision.

23 Now I present to you a video that

1 gives you a good profile of this
2 remarkable company.

3 (At this time a video presentation
4 was made to the Commission.)

5 MR. TABBERT: I would like to
6 introduce the leader of this outstanding
7 company, a leader who when he sees
8 competition coming doesn't call for
9 cutbacks, he calls for construction
10 crews. As a leader he has done more than
11 establish a successful national casino
12 entertainment company. He has put
13 together an organization with an
14 inspiring sense of family and incredible
15 employee loyalty.

16 He has insisted that Boyd Gaming
17 become recognized as a good, concerned,
18 and involved corporate citizen wherever
19 it is in business. The company under his
20 leadership is an active, generous, and
21 highly regarded, respected member of his
22 communities.

23 He heads an organization that

1 prizes integrity and honesty, an
2 organization that lives up to its
3 promises, where their word is their
4 bond. He personally exemplifies those
5 traits, and they permeate through every
6 level of this company.

7 I'm pleased to present to you the
8 chairman of the board and chief executive
9 officer of Boyd Gaming Corporation, Mr.
10 Bill Boyd.

11 MR. BOYD: Good afternoon. As Don
12 said, I'm Bill Boyd, chairman and chief
13 executive officer of Boyd Gaming. Let me
14 say for all of us that we're very happy
15 to be here today, and we hope to be in
16 Indiana for a long, long time.

17 I would like to start by
18 recognizing the many members of our Boyd
19 Gaming team who are here today. I would
20 like to start with our board of
21 directors, and as I introduce you please
22 remain standing until the whole team has
23 been introduced.

1 First, our board of directors
2 includes Perry Witt, our vice chairman of
3 the board; our president, Chuck Ruthe; my
4 daughter, Mary Ann Boyd-Johnson; my son,
5 Willy Boyd; long time gaming executive,
6 Warren Nelson; and Las Vegas businessman
7 and former president of the University of
8 Nevada at Las Vegas, Kenny Gwinn.

9 I would also like to introduce
10 Monte Collins, our senior vice president
11 of the central region which will include
12 Lawrenceburg, Indiana. In the interest
13 of time let me ask all other members of
14 the Boyd Gaming team to stand, please.
15 Thank you.

16 Let me start by telling you who we
17 are, first, where we come from and,
18 second, what we believe. My father, Sam
19 Boyd, was in the gaming business all of
20 his life. He began as a dealer and
21 worked his way up to become one of the
22 most respected and prominent operators in
23 our industry.

1 Over 20 years ago I left the
2 practice of law and joined him to cofound
3 our company. We raised capital, we hired
4 employees, we built our first hotel, but,
5 most importantly, we had beliefs and
6 principles. We had a style of operating
7 our company, of dealing with people that
8 was, is, and always will be the heart and
9 soul of our company and the one thing
10 that we believe sets us apart.

11 We have condensed some of these
12 characteristics into a company credo that
13 we call the Boyd style. There's a copy
14 along with the company mission statement
15 in the materials we'll leave with you.

16 We discuss the Boyd style with each
17 and every new employee at their
18 orientation. It hangs on the walls of
19 all of our properties for all to see. It
20 talks about how important it is to
21 satisfy customers. That's always been
22 fundamental. It talks about hard work
23 and how no one is too important to pitch

1 in. That's the way we've done things
2 from the beginning.

3 It talks about not wasting money
4 but of reinvesting to maintain and expand
5 our markets. That's what has allowed us
6 to grow. And, most importantly, it talks
7 about integrity and honesty and having
8 commitments and keeping promises. That's
9 what my dad and I felt should be the
10 cornerstone of our company. We will
11 bring these values and beliefs to
12 Indiana. I promise you that.

13 We'd like to think that nice
14 companies finish on top. We have. Let
15 me give you some facts. Boyd Gaming
16 Corporation today is the third largest
17 gaming company in the country when
18 measured by number of properties, gaming
19 space, and gaming positions. We're
20 bigger than Hilton's, Mirage, or Caesar's
21 gaming operations.

22 This summer after we open in Kansas
23 City, Missouri, we will operate ten

1 casino properties with over a half
2 million square feet of gaming space, 500
3 table games, and almost 14,000 slot
4 machines. As you can see, we're
5 substantial, we invest and we reinvest
6 prudently, we operate well, and we have
7 an excellent track record. We will bring
8 our success to Lawrenceburg.

9 Don Tabbert spoke to you of seven
10 reasons why Boyd should be your choice.
11 Let me elaborate. The City of
12 Lawrenceburg has endorsed Boyd Gaming,
13 and as a result we have entered into a
14 comprehensive development agreement which
15 obligates Boyd Gaming to a number of
16 financial and project commitments. And
17 our agreement also obligates the City of
18 Lawrenceburg to expedite development of
19 our project.

20 Our site is the best. It has no
21 impediments to delay the Corps of
22 Engineers permitting, and it allows us to
23 be open quickly, bringing tax revenues to

1 the state. And it does not disrupt the
2 fabric of Lawrenceburg's residential area
3 nor detract from the charm of its
4 downtown.

5 We have a new first-class boat,
6 Mary's Prize, that is completed and ready
7 to be brought to Lawrenceburg to serve as
8 part of our temporary facility. Our
9 facility in Lawrenceburg is substantial.
10 We have the amenities and the attractions
11 that we know contribute to the success of
12 a casino entertainment complex.

13 This is the right project for
14 Lawrenceburg. We know how to create the
15 right project for each market. Look at
16 our track record. Our company built its
17 first project from the ground up, and
18 we've been building ever since.

19 We are proven, experienced
20 developers. We build in difficult
21 circumstances. We have creative,
22 dedicated design and construction people
23 who have a track record of completing

1 tough projects on time. We know what
2 pitfalls we may encounter on our site in
3 Lawrenceburg, and our people have already
4 identified solutions.

5 Our financial success has allowed
6 us to continue to grow, reinvesting our
7 profits in new projects and expansion.
8 We are a publicly traded company on the
9 New York Stock Exchange, and we have
10 excellent access to both debt and equity
11 capital.

12 We have a binding commitment from
13 banks to lend us \$90 million and an
14 additional \$17 million from our equipment
15 suppliers for development of this
16 project. Our equity contribution of \$50
17 million is on deposit in Indiana ready to
18 go to work for us and for the state.
19 There are no financing uncertainties.
20 The funding to complete the project is
21 already arranged.

22 We are a company of proven,
23 experienced, hands-on, successful

1 operators. Our long history of
2 profitability and growth is your best
3 evidence. We have grown in 20 years from
4 one property to ten.

5 We know our customers. We provide
6 them a great entertainment value. To do
7 that consistently over 20 years and in
8 ten properties requires strong, dedicated
9 management, time tested policies and
10 procedures, and strict internal control.

11 We have succeeded in the world's
12 most competitive casino entertainment
13 marketplace, Las Vegas. We market
14 creatively. We satisfy our customers and
15 are continually reinvesting and improving
16 our facility. Our business strategy is
17 simple. Enter the market with the best
18 facility then keep expanding and
19 bettering that facility.

20 Look at our track record. We
21 started as a small group of very hard
22 working, dedicated people who liked each
23 other, our customers, and their roles in

1 our business, and that hasn't changed.

2 We knew then and we know now that
3 because we treat our family of employees
4 with dignity and respect they treat our
5 customers the same way. I am deeply
6 grateful to our family of employees for
7 all their hard work which has led to our
8 success.

9 When my dad and I got started Las
10 Vegas was a very, very small town. We
11 realized that we as business people had
12 to set an example and be responsible and
13 help our community to grow and prosper.
14 My dad set a precedent by contributing
15 both his time and money.

16 My dad started the Boys Club of Las
17 Vegas which is now called the Boys and
18 Girls Club of Clark County and has over
19 10,000 members. We have given to our
20 university, and we have strongly
21 supported the Nevada United Way.

22 We still believe that we have to
23 set an example by giving back to each

1 community in which we do business, and
2 Lawrenceburg and Indiana will be no
3 exception. I am proud of this heritage,
4 and it is the cornerstone of our
5 organization.

6 The Boyd style said we're in a
7 regulated and privileged industry so we
8 deal with red tape. We have a tradition
9 of cooperation with investigators and
10 regulators. In fact, when Missouri state
11 and federal authorities commenced
12 investigation into the Speaker of the
13 Missouri House of Representatives we
14 cooperated fully with the investigators
15 in that investigation. Our integrity is
16 unsurpassed.

17 When we look back at our long
18 history in this industry one of our
19 proudest moments was in 1983. With the
20 license revocation against the former
21 owners pending we were asked by the
22 Nevada State Gaming Authority to run the
23 Star Dust Hotel. They looked for a group

1 with the highest integrity to go into
2 that operation. We haven't changed. Our
3 people make the difference.

4 I would like to make five
5 commitments, personal commitments, for
6 you to consider as you make your choice.
7 First, if we are selected for
8 Lawrenceburg I will make development of a
9 first-class facility there a top
10 corporate priority, our highest corporate
11 priority. We're a big company, but our
12 primary focus will be Lawrenceburg,
13 Indiana. I promise you that.

14 Second, during development but,
15 more importantly, after opening I
16 personally will be here in Indiana at the
17 property frequently to ensure a close
18 relationship with the property and its
19 employees. I promise you that.

20 Third, I as well as the entire
21 company will work hard to solve any
22 problems that may arise. Lawrenceburg
23 and Boyd Gaming have a common interest to

1 work together, and we will. I promise
2 you that.

3 Fourth, if selected we will not
4 seek a license that would compete with
5 Lawrenceburg for a period of five years
6 using a 150 mile radius as our guide. I
7 promise you that.

8 And, finally, I commit to bringing
9 and maintaining Boyd Gaming's values,
10 standards, and integrity. I think your
11 state and our company have a lot in
12 common. We would be a good fit. You
13 will be proud of the day you selected
14 us. I promise you that.

15 And now I would like to introduce
16 Bob Boughner, executive vice president,
17 chief operating officer, long-term
18 employee, and in my opinion the best
19 chief operating officer in the business.
20 Bob will tell you more about our planned
21 project. Thank you.

22 MR. BOUGHNER: Thank you, Bill, and
23 good afternoon, members of the Commission

1 and staff. My name is Bob Boughner for
2 the record, and in my capacity as chief
3 operating officer of Boyd Gaming
4 Corporation I am involved not only in the
5 operation of our facilities but in their
6 design and development as well.

7 In my brief presentation today I
8 will talk to you about the six key points
9 it seems everyone always wants to know,
10 who, what, when, where, why, and how, why
11 we want to operate a casino riverboat in
12 Lawrenceburg, why we chose the I & M
13 Power site, what is the project we intend
14 to build, and how do we achieve success
15 in our business.

16 So starting with who are we as
17 developers, I feel it's important to give
18 you a feel for our experience and
19 capabilities as a developer of
20 significant casino entertainment
21 facilities. Although we have tremendous
22 development expertise I'm not here to be
23 boastful. I'm here to be truthful.

1 Boyd Gaming is a proven,
2 experienced developer. As Bill
3 indicated, we built our first casino
4 project from the ground up over 20 years
5 ago, and we have been building ever
6 since. We have a proven track record in
7 building large, complicated projects in
8 difficult situations on time.

9 Our Tunica, Mississippi, project
10 opened on time even after encountering
11 the worst ice storms and spring rains the
12 area had experienced in over ten years.
13 And at the Silver Star we constructed a
14 30,000 square foot casino in just seven
15 months. And in Las Vegas we opened a
16 32-story hotel tower in only 52 weeks and
17 kept our casino open the entire time.

18 In the last four years we have
19 successfully completed over half a
20 billion dollars worth of development and
21 expansion projects. Accomplishing these
22 tasks requires three very basic
23 components, talent, teamwork, and

1 tenacity.

2 We have assembled an exceptional
3 team of experienced professionals to
4 ensure our success once again including
5 Bruce D. Robinson, our architectural
6 firm; A & F Engineering, our traffic
7 engineers; and Huber, Hunt & Nichols, our
8 general contractor.

9 We have proven our ability to build
10 facilities that are fun and keep our
11 customers coming back, the right
12 complement of attractions and amenities
13 which yields long-term success and
14 maximum revenues. We at Boyd Gaming
15 build for market prominence, not just
16 market presence.

17 So why did we select Lawrenceburg,
18 Indiana, as a venue for development? We
19 chose Lawrenceburg for a number of
20 reasons. First, it has excellent
21 regional demographics; second, excellent
22 regional and roadway access.

23 Lawrenceburg has exceptional regional

1 access with six major metropolitan
2 markets with nearly nine million
3 potential gaming customers, all served
4 with interstate roadway access to within
5 four miles of our site.

6 So given an excellent location what
7 was our next step? Why did we choose the
8 I & M Power site? Our site is located
9 one and a half miles west of Lawrenceburg
10 city hall at the confluence of Tanner's
11 Creek and the Ohio River. Our site is
12 158 acres for which we have a binding
13 lease agreement with I & M Power.

14 Our site is free from environmental
15 problems. The site is large allowing us
16 plenty of room for our current plans plus
17 ample room for expansion. This site is
18 free from sensitive ecological areas, and
19 no wetlands or significant wildlife
20 habitat exist.

21 We can begin work on our site
22 today. We will construct our temporary
23 and permanent facilities concurrently

1 which we believe will save time and
2 money. The absence of any wetlands,
3 environmental hazards, or significant
4 archeological sites will allow the Corps
5 of Engineers to review our permit
6 application very quickly.

7 And in addition to the advantages
8 in permitting, an early construction
9 start, and less construction time risk
10 due to flooding, our site in its current
11 form is generally ready to allow
12 construction of our land-based
13 facilities. We do not need to spend a
14 large portion of our construction dollars
15 on levies, imported fill, dewatering, and
16 compaction.

17 We can allocate dollars to the
18 facilities that our customers see and
19 touch, facilities which generate positive
20 customer experiences and return visits.
21 Our site allows investment in structures
22 that keep the customers coming in, not
23 keeping the water out.

1 Now I'd like to talk about what,
2 that is, what we intend to build. But
3 before that I'd like to go back in time
4 because I find history is a really great
5 teacher.

6 Once a cornerstone of our growing
7 American economy, many of the giant
8 railroad companies simply went out of
9 business in part because they thought
10 they were in the railroad business. They
11 weren't. They were in the transportation
12 business only they didn't recognize this
13 important distinction.

14 Boyd Gaming recognizes the fact
15 that we are not in the gambling
16 business. We are in the entertainment
17 business, and we build our facilities
18 accordingly. Our total complex is over
19 270,000 square feet of permanent
20 land-based facilities in addition to our
21 riverboat.

22 The boat will be moored in a slip
23 adjacent to the land-based complex

1 running parallel to the Ohio River. Our
2 patrons will arrive by bus and private
3 cars via U.S. 50 turning at a new
4 signalized intersection into our
5 four-lane entry road.

6 We know the traffic impact of any
7 large development is of concern to the
8 Commission, the city, and its residents.
9 We have engaged A & F Engineering, one of
10 the most respected traffic consulting
11 firms in Indiana, to assess our project.

12 A & F has confirmed that with the
13 required improvements of U.S. 50 as
14 specified in our development agreement
15 and the Indiana Highway Department's
16 addition of a fifth lane through
17 Lawrenceburg U.S. 50 will function in a
18 safe and efficient manner. This A & F
19 report reaches nearly identical
20 conclusions to those issued by the
21 project traffic engineers engaged by the
22 Indiana Department of Transportation.

23 Our patrons will cross under the

1 CSX tracks via a newly constructed
2 underpass. They can park immediately in
3 any one of our 2,600 surface parking
4 spaces or, if they desire, obtain valet
5 parking services.

6 And as patrons approach our
7 facility they will see a substantial,
8 attractive complex. Sam's Town
9 Lawrenceburg will have an architectural
10 style inspired by the great civic
11 architecture of the river towns in the
12 late 1800's, extensive use of decorative
13 brick and stone work, arched windows,
14 wrought iron, and skylights.

15 And our project consists of three
16 primary components. Our 300-room hotel
17 will feature quality furnishings and
18 amenities, and we have master planned a
19 second phase hotel of 300 additional
20 rooms.

21 A 100,000 plus square foot
22 land-based pavilion will include six
23 destination restaurants, a dance hall

1 featuring live entertainment, an arcade
2 with the latest in amusement games, and
3 several highly themed retail shops. A
4 short, climate controlled walkway will
5 provide access to our casino riverboat
6 with over 2,900 gaming positions.

7 Some 16 months ago our application
8 described the largest fully engineered
9 boat on the market. Today, 16 months
10 later, a larger boat is available, and we
11 will bring it to Lawrenceburg. We have
12 had substantive discussions with Jeffboat
13 and Service Marine Industries since last
14 year and will execute a contract upon
15 issuance of a certificate of
16 suitability.

17 Now I'd like to shift for a moment
18 from our permanent operating plans to our
19 temporary operating plan, and one of the
20 many advantages of our site at Tanner's
21 Creek is our ability to open a temporary
22 operation very quickly. We believe this
23 is important to the State of Indiana and

1 to Lawrenceburg because it speeds the
2 flow of tax revenues, grant payments, and
3 the resulting jobs and economic
4 development.

5 So now to answer the question of
6 when, if you choose to grant a
7 certificate of suitability to Boyd Gaming
8 Corporation in July we are confident that
9 we can have a temporary facility open
10 within four months of Corps approval.

11 Here are some reasons why we know
12 we can achieve this: One, our temporary
13 boat is complete and immediately
14 available. Mary's Prize is a 254 foot by
15 78 foot casino riverboat commissioned by
16 Boyd Gaming in 1993. Our site has no
17 adverse ecological or environmental
18 conditions.

19 This should enable the Corps of
20 Engineers and the Indiana Department of
21 Natural Resources to expedite their
22 review of our application. Much of our
23 site work will not be subject to Corps of

1 Engineer review. We can start
2 construction in these areas in a matter
3 of weeks.

4 The Corp of Engineers has indicated
5 to us that they will not begin the permit
6 review process for Lawrenceburg until
7 you, the Commission, select a licensee.
8 After that time the Corps will review the
9 application for both the permanent and
10 temporary site. The Corps has stated
11 they will not review a temporary plan
12 separately or in advance of the permanent
13 full development.

14 This is an advantage of our site
15 and temporary plan. We chose to use our
16 permanent site for temporary operations.
17 Our customers will see the permanent
18 facility rising on the site, a built-in
19 invitation to come back and see the
20 completed project.

21 Plus we familiarize patrons with
22 traveling to the site eliminating future
23 confusion, and we don't have parking and

1 shuttle problems, and our permanent
2 facility will open just four months after
3 the temporary facility opens.

4 Building a project of this
5 magnitude is a rather complex challenge,
6 but the real challenge starts when you
7 open for business. And now we answer the
8 question of how. How have we achieved
9 such success in our business, and how
10 will we achieve success in Lawrenceburg?

11 First and foremost are experience,
12 competence, and character. These are the
13 requisite qualities, and in addition to
14 our skills as developers Boyd Gaming is a
15 proven, successful operator. We have
16 been profitably operating casino
17 entertainment facilities for over 20
18 years.

19 We know how to plan, staff, direct,
20 and control our business. We know how to
21 market our properties well and to execute
22 our plans consistently. This achieves
23 customer satisfaction and repeat

1 visitation. That translates into
2 maximized long-term revenues and economic
3 growth.

4 In our industry three factors
5 really determine your success, your
6 product, your marketing, and your
7 service. We believe that the wonderful
8 facilities we have created in the past
9 are the best testament for what we have
10 promised to build here today.

11 This is not our first big project.
12 We believe that our record for
13 reinvestment and expansion is second to
14 none in our industry. We build
15 attractions people like. We have an
16 appetite for quality and an eye for
17 detail.

18 But a great facility alone is not
19 enough. We don't believe in "build it
20 and they will come" or having "the best
21 kept secret in town." We do believe in
22 comprehensive marketing programs. Our
23 marketing programs come under two major

1 categories, retail marketing and direct
2 marketing.

3 Our retail marketing programs
4 include advertising and promotional
5 programs all designed to stimulate first
6 time trial and frequency of visitation.
7 Television, radio, outdoor, and print are
8 all used to communicate our broad market
9 messages. Travel packages and bus
10 programs are utilized as well.

11 This year we have invested over \$80
12 million in advertising and marketing
13 programs. Our direct marketing efforts
14 include extensive player development
15 programs designed to attract and retain
16 premium customers. Direct mail and
17 personal contact through hosting programs
18 are used to cater to our premium
19 customers.

20 We have sent out over two and a
21 half million pieces of mail this year to
22 our known customers, and they have
23 responded to our offers with great

1 enthusiasm and interest. We have already
2 identified over 100,000 customers in our
3 existing database from the Lawrenceburg
4 regional market.

5 In our Lawrenceburg projections we
6 have included marketing and promotional
7 costs of over \$10 million in the first
8 year. But, again, a great product with
9 great marketing doesn't work unless you
10 keep the promise and exceed your
11 customers' expectations, and our staff is
12 the key to that.

13 In our company credo of the Boyd
14 style we say we know it's nice to be
15 important, but to us it's more important
16 to be nice. You know, we really do
17 believe this and strongly encourage this
18 theme throughout our operations. We rely
19 not only on the competence of our people
20 but their friendliness as well, and these
21 policies and attitudes pay financial
22 dividends.

23 Simply stated, we want our

1 employees to be happy in part because we
2 know they will share that happiness and
3 friendliness with our patrons, and that's
4 how we deliver on our promise of a really
5 great time.

6 To tell you more about our human
7 resources and employment plan I'd like to
8 introduce Cathey Shanklin, our corporate
9 director of human resources. Thank you.

10 MS. SHANKLIN: Thank you, Bob. I'm
11 really excited to be a part of this
12 process, and for the record my name is
13 Cathey Shanklin. I'd like to tell you
14 about Boyd Gaming Corporation and our
15 relationship with employees.

16 As Bill mentioned, we're really
17 more of a family of employees than a
18 corporation, and that starts at the top.
19 Bill has a genuine interest in his
20 employees which is reflected in our
21 employment practices. Today I want to
22 talk to you about our employment record,
23 our employment plans in Lawrenceburg, and

1 our commitments to minority and women
2 owned business enterprises.

3 Employees create our success. Over
4 13,000 hard working individuals are
5 employed at our ten properties and our
6 corporate office. In fact, women hold 41
7 percent of our supervisory and management
8 positions. Minorities hold 21 percent of
9 the supervisory and management positions
10 and represent 40 percent of our total
11 work force.

12 Women and minority employment
13 levels are representative of the racial
14 and ethnic composition of the communities
15 in which we operate. Diversity is a
16 component of the Boyd style. We have
17 extensive in-house training and a strong
18 promotion-from-within tradition which
19 allows advancement to the highest levels
20 of management.

21 For example, Bob Boughner started
22 with the company 19 years ago as a
23 payroll clerk, and today he's our chief

1 operating officer. Another example is
2 Judy Campbell, who is vice president and
3 general manager of our Eldorado Casino.
4 Judy started as a 21 dealer 17 years
5 ago.

6 We at Boyd Gaming have an unusually
7 loyal work force at all levels. Our
8 turnover is less than typical in this
9 industry. Eighty-nine percent of our
10 employees are fulltime. In new
11 jurisdictions like Lawrenceburg we would
12 expect to employ approximately 95 percent
13 fulltime employees.

14 Our jobs pay well. Boyd Gaming
15 pays most workers at wage levels above
16 the statutory minimum wage. We do not
17 avail ourselves of tip credit and other
18 provisions which would allow us to pay
19 less.

20 Our benefit program is available to
21 fulltime employees after completion of
22 their initial introductory period. There
23 are no monthly insurance premium costs to

1 our employees and their families. Our
2 benefits include paid medical, dental,
3 prescription, vision care, disability
4 coverage, paid holiday and vacation,
5 401K, and stock ownership plans.

6 We also were the first gaming
7 company to introduce an employee
8 assistance program which offers
9 counseling and treatment programs for
10 substance abuse and emotional disorders
11 for employees and their families.

12 The company also sponsors a number
13 of social activities for employees and
14 their families such as picnics, Christmas
15 parties, talent contests, and an employee
16 recognition program.

17 The company is involved in the
18 community by sponsoring blood drives and
19 United Way campaigns as well as offering
20 contributions to organizations,
21 educational institutions, and
22 municipalities. We give our time and our
23 money to help those less fortunate than

1 us.

2 Now about Lawrenceburg. We
3 anticipate that we will hire 1,480
4 employees, of which 1,400 will be
5 fulltime, to staff Sam's Town
6 Lawrenceburg. We expect that our first
7 year payroll will exceed \$30 million with
8 an additional ten million in benefit
9 costs.

10 With the addition of our larger
11 boat employees will increase to 2,000
12 with payroll costs and benefits exceeding
13 \$54 million. These figures do not
14 include tip income.

15 We are an equal opportunity
16 employer. In addition, we commit to use
17 our best efforts to meet the stated
18 minority hiring goals of ten percent of
19 the work force and to give a preference
20 to applicants living in southeastern
21 Indiana.

22 In this regard we have engaged Brit
23 Wagner Associates to assist us in

1 minority information, training, and
2 hiring programs. We will operate a
3 training center in Dearborn County in
4 advance of hiring to give applicants the
5 opportunity to train for more skilled and
6 better paying gaming positions such as
7 dealers and slot technicians.

8 We also made a commitment to
9 involve women and minority owned
10 businesses. We will use our best efforts
11 to utilize ten percent MBE and five
12 percent WBE vendors to supply our ongoing
13 operations.

14 In addition, we will develop out
15 reach programs in the community to inform
16 minorities and women of the potential
17 opportunities and to assist them in
18 gaining the resources to compete for this
19 business.

20 I'd like to close with this: I
21 grew up in the midwest where family and
22 integrity and hard work mean something.
23 Boyd Gaming personifies these values.

1 We're a group of decent, hard working
2 employees who are working for a company
3 we love.

4 I'd now like to introduce our chief
5 financial officer, Mr. Ellis Landau.

6 MR. LANDAU: Thank you, Cathey.
7 Good afternoon. I am Ellis Landau, and I
8 would like to make some important points
9 about financial matters for your
10 consideration.

11 First, with Boyd Gaming there is no
12 financing risk, no risk we won't have the
13 money to build the project we tell you
14 we're going to build. The funds to
15 develop Boyd Gaming's entire project in
16 Lawrenceburg are 100 percent available,
17 no best efforts, no highly confident
18 letters, no Trust me, I'll get it later.
19 There is no guesswork with us. The funds
20 are all there.

21 On the slide we will see the
22 sources and uses of funds for our
23 development in Lawrenceburg. First,

1 let's look at the uses section. We have
2 a \$157 million development cost including
3 Lawrenceburg Public Works and the initial
4 grant payment to the City of
5 Lawrenceburg.

6 Now let's look at the sources
7 side. A group of banks led by First
8 Interstate Bank and Bankers Trust Company
9 have absolutely and firmly committed \$90
10 million to Boyd Indiana, and our slot
11 equipment supplier will finance our \$17
12 million of slot machines. You have
13 copies of the written documentation
14 evidencing their commitments. Those
15 commitments total \$107 million.

16 The remaining \$50 million required
17 will be an equity contribution from Boyd
18 Gaming Corporation, Boyd Indiana's
19 parent. As a sign to you and to the
20 people of Indiana that the equity
21 contribution is certain we put all \$50
22 million up in cash now, in the bank in
23 Indiana. The \$50 million to put us in

1 business in your state is in your state.
2 \$5 million is in Lawrenceburg, and \$45
3 million is three blocks from here.

4 Present in the audience today and
5 available for confirmation of this are
6 Ray Kammeyer from NBD Bank here in
7 Indianapolis and Charles Hall
8 representing Clark Byron, chairman of
9 American State Bank in Lawrenceburg, and
10 also Mr. Jay Cornmeyer head of First
11 Interstate Bank's gaming division.

12 Next I would like to mention our
13 financial projections. We are confident
14 we can do the revenues we have projected
15 in our best case projections. In fact,
16 we feel we can do even better, and to
17 underscore our confidence we are building
18 and have provided the funds for the
19 larger capacity boat described.

20 The important thing is that our
21 goal is not just to hit our revenue
22 projections but to exceed them to
23 maximize total revenues, and that means

1 maximizing tax revenues to the State of
2 Indiana.

3 I can tell you and our track record
4 proves to you that we will continually
5 invest and reinvest in our project, and
6 because of that no operator will achieve
7 higher revenues in Lawrenceburg, Indiana,
8 than Boyd Gaming Corporation. Our
9 appetite for success is big so we will
10 not underachieve.

11 Now let me address our financial
12 performance and describe for you the
13 powerful track record. As you know, we
14 have a solid base of earnings in our
15 longstanding operations in Nevada. We
16 own and operate six properties there
17 which annually produce about \$110 million
18 of operating cash flow.

19 We achieved our long-term success
20 by consistently employing proven
21 operating strategies and by reinvesting
22 in our facilities. When emerging gaming
23 markets opened we felt we could expand

1 our proven, successful formulas to these
2 new locations, and we have done that with
3 resounding success.

4 Let me explain. Our first emerging
5 market property was Sam's Town Tunica
6 opened in May of 1994. It now includes
7 the largest hotel in the state of
8 Mississippi with 500 rooms. We are the
9 clear market leader both in facility and
10 in performance.

11 Our revenues and operating cash
12 flow have grown each quarter since
13 opening, and that despite increased
14 competition. Through the April reporting
15 period Sam's Town since it opened has
16 accounted for over 22 percent of the
17 gaming revenue in Tunica County. For
18 most of that time nine properties
19 operated in that market. We are the
20 clear market leader.

21 Our next opening and emerging
22 market was in central Mississippi where
23 we manage Silver Star Casino about 60

1 miles northeast of Jackson. The central
2 Mississippi market includes Vicksburg
3 where four casinos operate.

4 In the five months since Silver
5 Star expanded to its current size Silver
6 Star's gaming revenue has been nearly as
7 much as all four of the Vicksburg casinos
8 combined. This property is very
9 successful and is a clear market leader.

10 Next we opened Treasure Chest
11 Casino in Kenner, Louisiana, which is in
12 greater New Orleans. Since September
13 1994 when we opened Treasure Chest has
14 achieved the highest gaming revenue each
15 and every month among all riverboat
16 operators. Again, we are the clear
17 market leader.

18 A track record of superior
19 financial performance, strong consistent
20 long-term performance in the highly
21 competitive Las Vegas market, three clear
22 market leaders out of three properties
23 and emerging markets, for superior proven

1 financial performance Boyd is the clear
2 choice.

3 Now let's talk about financial
4 strength, making money, having money,
5 acquiring money, money to build and
6 develop, money to expand in good times,
7 money to defend in competitive times,
8 money for staying power and to honor
9 commitments should there be tough times.

10 Boyd Gaming is one of the
11 financially strongest companies in the
12 gaming industry. This slide shows
13 operating cash flow based on published
14 company reports for the 12 months ended
15 March 31, 1995. This is cash generated
16 by our company's operations before taxes,
17 services, and any one time charges. It's
18 basically the cash generating ability of
19 a company's assets.

20 You can see on this slide that Boyd
21 Gaming is a big cash producer, one of
22 the highest in the gaming industry. The
23 numbers for these companies going forward

1 should be higher than those on the screen
2 as we all have new projects.

3 And I can't make projections for
4 the others, but I can say that in the
5 year going forward from now Boyd Gaming
6 is expected to have operating cash flows
7 of over \$200 million, and that does not
8 include Lawrenceburg results in that
9 number.

10 The strong cash flows assure us
11 that we can meet our obligations,
12 properly maintain our properties, and
13 expand our business. These strong cash
14 flows provide financial muscle, muscle
15 that will bring strength to our
16 Lawrenceburg operations, financial muscle
17 with company earnings that are growing at
18 a high rate.

19 In the quarter ending March 31,
20 1995, our profits were up 250 percent
21 over the same quarter last year. How
22 does the stock market value the companies
23 before you? On the slide you will see

1 the value of all of the outstanding
2 shares of the companies either on the New
3 York Stock Exchange where Boyd trades or
4 on the over-the-counter market where the
5 others trade.

6 Boyd is among the more valuable
7 gaming companies. Boyd is a strong
8 company, profitable company, a valuable
9 company. That is what we offer Indiana.

10 Another key indicator in
11 identifying a financially strong company
12 is how they are perceived by Wall Street
13 for it is that group that determines the
14 cost of our capital. In the audience and
15 available to answer any questions you may
16 have is Michael Christiansen, head of the
17 gaming group of Salomon Brothers, a
18 leading investment banking firm in New
19 York.

20 Boyd Gaming's stock is recommended
21 by stock analysts because they like our
22 company's people, performance, and
23 process. Let me read you a few quotes.

1 Donaldson Lufkin & Jenrette writes, "Boyd
2 Gaming is already an industry leader with
3 an exceptional, talented, and highly
4 regarded management team."

5 Bear Stearns writes, "The
6 investment community has been wary of the
7 Mississippi based operations, but Boyd
8 has done an outstanding job of
9 differentiating itself and earning very
10 good returns in a tough market."

11 Montgomery Securities writes, "We
12 continue to believe the company has an
13 excellent and deep management team, that
14 its projects are well positioned for the
15 long-term."

16 Raymond James & Associates writes,
17 "There are few other casino companies
18 with such a diverse base of consumers,
19 and we believe that the project's success
20 is attributable to the management of the
21 company and their indepth understanding
22 of gaming patrons."

23 The report continues, "The existing

1 management team is outstanding. Boyd
2 Gaming has had the fortune of building a
3 large and experienced management team in
4 an industry which we believe greatly
5 lacks high quality management. In fact,
6 we believe that this places the company
7 at a distinct advantage relative to many
8 smaller operators." These are the types
9 of things said about this company.

10 And in the debt arena let me show
11 you how Standard & Poor's, a leading
12 independent credit rating agency for
13 corporate debt, views us and others. On
14 the screen you see the senior debt
15 ratings of several companies using the
16 Standard & Poor's rating system. Boyd
17 Gaming is double B plus, one of the
18 highest rated gaming companies in the
19 industry for credit quality.

20 Let me read a quote from Standard &
21 Poor's. "The company's quality and depth
22 of operating management, its consistent
23 market strategy, and proven ability to

1 succeed in the highly competitive Las
2 Vegas market gives S & P comfort in the
3 firm's financial strategy." That's what
4 people who analyze the credit quality of
5 big companies think of us.

6 In summary, let me review the
7 financial points for you to consider.
8 One, 100 percent of the funds to build
9 the project are firmly committed or in
10 the bank in Indiana. There is zero
11 financing risk with Boyd Gaming.

12 Two, Boyd Gaming will maximize
13 revenues for itself and for the state of
14 Indiana. There will be no undersizing or
15 walking away from this investment. Our
16 track record and our commitment stand
17 behind that.

18 Three, our financial performance
19 tells a powerful story, market leader
20 after market leader. We will bring our
21 winning team and winning formula to
22 Indiana. And, four, we are among the few
23 that are financially strong in our

1 industry. Financial strength supports
2 initial development, creates growth
3 through reinvestment, and backs up our
4 commitment for leadership and permanence
5 in Indiana.

6 Thank you very much, and now I
7 would like to introduce Chuck Ruthe,
8 president of our company.

9 MR. RUTHE: Thank you, Ellis. I'm
10 Chuck Ruthe. Boyd Gaming is here today
11 with the endorsement of the City of
12 Lawrenceburg. The City of Lawrenceburg
13 did not take gaming very casually or
14 lightly. They set up a very detailed,
15 comprehensive process to evaluate
16 applicants and to select its endorsee.

17 The process included requests for
18 proposals, public meeting and citizen
19 input, professional evaluation of the
20 applicants, site visits and inspections
21 of each of the applicants' properties,
22 and interviews with the management teams
23 and the employees of each company. That

1 process took approximately five months.

2 Then the city worked with the
3 finalist to negotiate a firm, binding
4 development agreement, and Boyd Gaming
5 has executed that agreement. The
6 agreement was negotiated. It took a lot
7 of time and was very detailed. We are
8 months ahead of where we would be without
9 an executed development agreement.

10 We have already resolved the tough
11 issues related to our site and our
12 project. They are now behind us. The
13 development agreement provisions include
14 Boyd funding \$22 million in public works
15 programs, \$31 million in unrestricted
16 grants to Lawrenceburg, revenue
17 participation for the City of
18 Lawrenceburg, and hiring, purchasing, and
19 operational commitments.

20 Lawrenceburg has agreed to expedite
21 the review and permit and facilitate the
22 development of this project. Let me talk
23 about the public works. \$10 million of

1 that money will be for a new waste water
2 treatment plant. \$7 million will be
3 allocated for road improvements, \$4
4 million for other utility and
5 improvements, and \$1 million for new fire
6 fighting equipment.

7 Let's talk about the \$31 million in
8 grants to the City of Lawrenceburg to
9 help improve the quality of life and to
10 handle any unforeseen impacts of our
11 project, \$10 million to be paid upon the
12 opening of our facility and \$6 million to
13 be paid on the first anniversary and then
14 \$5 million to be paid on the next three
15 anniversaries.

16 Plus, we will pay the City of
17 Lawrenceburg five percent of annual great
18 gaming revenues between 180 and 200
19 million and ten percent of gaming
20 revenues over 200 million. We project
21 that these revenue participation payments
22 will exceed \$750,000 in our first full
23 year of operation.

1 The allocation of gaming taxes
2 admission fees gives substantial new
3 revenues to Lawrenceburg, Indiana, and
4 Dearborn County, \$12.8 million to
5 Lawrenceburg, \$3.6 million to Dearborn
6 County, and \$39.3 million to the State of
7 Indiana. That's a total of 55,700,000 in
8 new annual fees and taxes.

9 And Boyd Gaming will actively
10 support programs to utilize and develop
11 minority and women owned business
12 enterprises during the design, the
13 construction, and the operation of our
14 facility.

15 Now, let me take just a moment to
16 tell you a little bit about Boyd Gaming
17 as a corporate citizen. We have 20 years
18 experience as a corporate citizen. Sam
19 Boyd, as Bill mentioned, started the Boys
20 Club now known as the Boys and Girls
21 Club. Sam then went to Reno and walked
22 the streets in Reno to solicit funds to
23 start a club in Reno.

1 And in those days we didn't have
2 money so we gave of our time. Today we
3 continue to give of our time, but we also
4 give money. Some of the beneficiaries of
5 Boyd Gaming and Boyd Foundation over the
6 years, the Boys and Girls Club founded by
7 Sam; major contributor to United Way,
8 both the corporate and employees, we are
9 a leader in contributions to United Way;
10 Boy Scouts; Make a Wish Foundation; and
11 higher education.

12 A substantial amount of all our
13 contributions on behalf of Boyd Gaming
14 and the Boyd Foundation go to higher
15 education. Why do we do this? Very
16 simple. We believe in giving back to
17 where we do business.

18 And we give in times of special
19 needs. We gave a substantial amount to
20 the Hawaiian hurricane fund a few years
21 back and just recently a substantial
22 amount to the people in Oklahoma. Why?
23 Because it was the right thing to do.

1 Our reputation precedes us.

2 Let me talk just a moment about
3 integrity that Bill mentioned. Bill
4 mentioned in 1983 we were called upon by
5 the State of Nevada to see whether or not
6 we would run the Star Dust Hotel because
7 the previous owners had some problems and
8 some improprieties.

9 Of all the gaming companies in the
10 State of Nevada, of all the gaming
11 companies in the State of Nevada, they
12 asked Boyd Gaming to work on behalf of
13 the Nevada Gaming Commission, and for 16
14 months we run that operation as an
15 employee of the state. Bill, within 48
16 hours, put together that team to run that
17 property. At Boyd Gaming our word is our
18 bond. Ask anyone where Boyd does
19 business.

20 Now, members of the Commission,
21 after listening to these presentations
22 this week you will have a very difficult
23 decision because the decision that you

1 need to make affects directly or
2 indirectly every citizen of this state
3 but affects directly every citizen and
4 resident of Lawrenceburg, Indiana.

5 What I would like to say is that
6 Cathey mentioned to you our people make
7 the difference. Bob indicated our
8 marketing makes the difference. Ellis
9 said our numbers make the difference.
10 And I say to you Bill Boyd makes the
11 difference.

12 Let me sum up again by reviewing
13 the seven reasons why you should select
14 Boyd Gaming. Number one, we have the
15 endorsement of the City of Lawrenceburg.
16 Number two, our site works. Number
17 three, we have 20 years of proven
18 development experience, 20 years.

19 Number four, we have ample finance
20 resources. The money is here in
21 Indiana. It's not on its way. It's
22 here. Number five, we are a proven,
23 successful casino operator. Number six,

1 we are a superb employer and a good
2 corporate citizen. And let me close with
3 number seven, our integrity is
4 unmatched.

5 Once again, Bill Boyd.

6 MR. BOYD: Thank you, Chuck. Mr.
7 Chairman and Commissioners, Boyd Gaming
8 has the best site. We have the best
9 project. We have the money in place. We
10 have the people to make the project
11 work.

12 But the most important quality we
13 have to give is integrity, keeping one's
14 word, honoring commitments to people, to
15 places, to ideals. We want to be in
16 Lawrenceburg. We want to be in Indiana.
17 I promise you that if you select Boyd
18 Gaming we will make you proud. Thank
19 you.

20 MR. KLINEMAN: I guess we'll take a
21 quick five minute recess, and we'll
22 switch positions.

23 (At this time a short break in the

1 proceedings was had.)

2 MR. KLINEMAN: If we could come
3 back to order again, please. We are now
4 ready for the question period for Boyd
5 Gaming. Just to get started I'll get
6 into the traffic problem. And remember
7 the admonition, if you would, to please
8 state your name if you're going to answer
9 a question. You're going to have sort of
10 a moderator.

11 Your location is on the west side
12 of Lawrenceburg, and I would just like
13 some discussion of how you envision
14 getting the traffic off of 275 to your
15 site, or 75.

16 MR. BOUGHNER: For the record my
17 name is Bob Boughner, and also to assist
18 us in answering questions with regard to
19 traffic will be Alex Mooring and Steve
20 Fehribach.

21 MR. KLINEMAN: You're going to have
22 to speak a little more distinctly.

23 MR. STEVE FEHRIBACH: My name is

1 Steve Fehribach. I'm a professional
2 engineer with A & F Engineering located
3 here in Indianapolis. You've asked a
4 pretty broad question.

5 MR. KLINEMAN: Well, I would really
6 like you to start us off with 275 and
7 take us to your site.

8 MR. STEVE FEHRIBACH: I'm going to
9 back you up to the town and how we
10 accomplished what we did. We were asked
11 to conduct a traffic study for this site,
12 and in that what we have to do is
13 determine what level of service or how
14 the road is working today and then again
15 after the traffic or added traffic from
16 the gaming facility is there plus some
17 random growth in the area.

18 So what we did was we did some
19 traffic counts in the area then generated
20 traffic or trips that would actually come
21 to the site after they're open. What we
22 found was that the four-lane facility
23 that's there today if you get on to U.S.

1 50, the one that's going to be leading to
2 the site is a four-lane facility, what we
3 found were because there are so many
4 driveways there the inside lanes were
5 acting as a defacto left turn lane which
6 causes people to move around left turn
7 cars which then reduces the capacity of
8 the roadway.

9 So that brings us back to what can
10 we do to alleviate that problem. One of
11 the big things is add a left-turn lane
12 along U.S. 50. What that will do then is
13 provide a left-turn storage lane for the
14 length through Lawrenceburg to the site.
15 That way we'll have two through lanes in
16 each direction. That way you'll have an
17 increase in capacity for the through
18 lanes.

19 Today if you drive the road you'll
20 notice that we do have a slight
21 congestion problem with cars waiting.
22 They might have to wait from one end of
23 U.S. 50 to the other. With the added

1 left-turn lane we are going to see an
2 increase of capacity because we now have
3 two full lanes in each direction.

4 Coming off of the interstate, that
5 little section there on 275, what we've
6 done is look at capacity out there. We
7 found that dual left-turn lanes coming
8 off of the I-275 connector I call it to
9 U.S. 50 will alleviate any congestion
10 problems there.

11 Along with that, because people are
12 going to be leaving the boat and trying
13 to get back on to 275, we need right-turn
14 lanes and a continuous right-turn lane
15 that would act as an interstate ramp
16 where a yield sign would be installed,
17 but it would be continuous so people do
18 not have to stop and cause congestion
19 there.

20 MR. KLINEMAN: Do you have plans --
21 Were you here this morning? We saw some
22 plans for dual laning of the 275 access
23 and then dual laning, as I understood it,

1 a portion of 50 at that particular point
2 so the two left-turn lanes come into
3 their own lanes, and they don't interrupt
4 the flow of traffic.

5 MR. STEVE FEHRIBACH: Currently
6 right now the Indiana Department of
7 Transportation has a project to put a
8 fifth lane through Lawrenceburg all the
9 way to Aurora. That project will be let
10 in July. We as A & F Engineering were
11 contracted to provide the signal design
12 services for that project so there are
13 plans. There are INDOT plans, and it's
14 going to be let in July, we believe the
15 14th.

16 MR. KLINEMAN: That's still making
17 the left-turn lane along the whole of
18 U.S. 50. I'm talking about the 275 two
19 left-turn lanes. Is your company talking
20 about doing something about that
21 problem?

22 MR. STEVE FEHRIBACH: Our
23 recommendation stopped at the capacity to

1 make sure it would work, and that is the
2 dual left-turn lanes and the right-turn
3 lane. There are no plans for that
4 intersection today.

5 MR. KLINEMAN: But those are your
6 recommendations?

7 MR. STEVE FEHRABACH: Yes.

8 MR. KLINEMAN: But Boyd Gaming has
9 not agreed to fund that upgrade of that
10 intersection?

11 MR. MOORING: Alex Mooring, Boyd
12 Gaming. Yes, Commissioner, we have. We
13 have set aside \$500,000 for that
14 particular intersection, Interstate 50
15 and 275 connector, which is for a dual
16 left-turn lane capacity. And we also
17 have additional funding set aside for the
18 access road to our project on the west
19 side of U.S. 50.

20 MR. KLINEMAN: In addition to the
21 \$500,000 you would have some additional
22 money for your particular -- are you
23 talking about signaling your access

1 road?

2 MR. MOORING: Yes, sir, we are. In
3 addition, in our development agreement we
4 have set aside over \$7 million dollars
5 for traffic improvements, and a portion
6 of that would be included for those two
7 items. The other would be as the city
8 sees fit for whatever they deem to be the
9 correct solution.

10 MR. KLINEMAN: Well, have you been
11 to INDOT about the dual laning of the
12 access road off of 275?

13 MR. MOORING: We have attempted to
14 meet with INDOT, but INDOT has taken a
15 position much like the Corps of Engineers
16 and Department of Natural Resources.
17 They don't care to talk to you until you
18 have a certificate of suitability.

19 MR. KLINEMAN: Anyone else have
20 anything concerning traffic?

21 DR. ROSS: On your diagram out in
22 front of the door you have a red line
23 that goes down from I-275 down to your

1 site. Is that a road, or is that just to
2 indicate that that's the way people are
3 going?

4 MR. MOORING: Alex Mooring. That's
5 just to designate -- that is interstate
6 -- that's off of 275 on to Highway 50
7 directly through town. That just sets
8 the roadway.

9 DR. ROSS: I mean that red stripe
10 does not represent anything you are going
11 to build?

12 MR. MOORING: No. That is part of
13 the current INDOT project which will be
14 let in July which goes from the 275
15 interchange all the way to Highway 350 in
16 Aurora.

17 MR. SUNDWICK: You've given us an
18 explanation for the 275 change to 50 or
19 intersection 50. What consideration have
20 you given to the other three traffic
21 lights between there and the five lane
22 proposed that INDOT has on the west side
23 of Lawrenceburg because, you know, you're

1 going to get everybody around the
2 corner?

3 MR. STEVE FEHRIBACH: No. That's
4 what I was referring to as a fifth lane.
5 Currently it's a four-lane road.

6 MR. KLINEMAN: Excuse me. Give
7 your name.

8 MR. STEVE FEHRIBACH: I'm sorry.
9 Steve Fehribach, A & F Engineering.
10 That's what I was referring to as the
11 four-lane. The road will actually be
12 widened to a five-lane section which will
13 provide a left-turn lane at those major
14 intersection points.

15 Also, all the signals will be
16 modernized so -- right now technically
17 they're just dials. It's like a clock in
18 there, and they click every so many
19 seconds. They will be actuated signals
20 with loops in the pavement. So we have
21 considered all the existing signalized
22 intersections. They will all be
23 modernized. They will all have left-turn

1 lanes, and I believe some will have a
2 right-turn lane.

3 MR. SUNDWICK: I travel that quite
4 a bit, and I'm trying to visualize how I
5 get through the intersection if you put
6 another lane in there. You've got to
7 realize it's only four lanes with
8 sidewalks right now, isn't it?

9 MR. STEVE FEHRIBACH: Yes. And
10 that was a big question when we came up
11 with that recommendation, How are you
12 going to do that? There's buildings
13 there and everything else. Federal
14 guidelines allow for lanes to be between
15 10 and 12 feet in width. So in a sense
16 we may not see a 12-foot lane out there
17 for the left-turn lane, but what we will
18 see is no less than a ten-foot lane.

19 Some of the sidewalks are quite
20 wide. We have to maintain a certain
21 width of sidewalk for federal approval.
22 So there is adequate space there. We
23 have seen the plans. The plans are the

1 fifth lane is going in.

2 MR. SUNDWICK: Is the fifth lane
3 going in whether your project's
4 successful or not? INDOT's going to say
5 We're going to put five lanes down here
6 no matter what?

7 MR. STEVE FEHRIBACH: It's my
8 understanding, and we had to turn the
9 plans in last week for the
10 signalization. These plans will be sold
11 in July. They will go to bid in July,
12 and if there is a successful bidder he
13 will buy those plans.

14 MR. SUNDWICK: I'm sure there is
15 probably somebody from Lawrenceburg
16 traffic organization that can lend some
17 -- is there anybody here from the
18 Lawrenceburg traffic?

19 MR. THAR: It's going to go
20 regardless of the license.

21 MR. RALSTON: I'm Doug Ralston.
22 I'm with PDR Engineers, and I represent
23 the city. And I was prepared for that

1 question. We have -- in our review of
2 other issues regarding traffic we have
3 examined the plans. They have been
4 finalized for U.S. 50, a fifth lane
5 through the city. They are going to bid,
6 and I'm sure the project will go whether
7 or not the certificate is issued to Boyd
8 Gaming Corporation or not.

9 MR. SUNDWICK: When do you expect
10 that to happen?

11 MR. RALSTON: I can tell you what
12 we've been told. The project is
13 scheduled to be bid next month, and I
14 think it's a little bit unrealistic, but
15 the state has indicated to us they want
16 to finalize the project by the end of the
17 year.

18 MR. SUNDWICK: Finalize what?

19 MR. RALSTON: The expansion of the
20 project.

21 MR. SUNDWICK: Would be done by the
22 end of the year?

23 MR. RALSTON: Fifth lane by the end

1 of the year. I don't believe that but --

2 MR. SUNDWICK: Neither do I.

3 MR. RALSTON: I just don't think it
4 can be done that quick. There would have
5 to be utilities relocated or projected.
6 There are water lines. There are other
7 issues with regard to many related
8 matters that I think will prolong the
9 project, but it is going to happen.

10 MR. SUNDWICK: Thank you.

11 MR. KLINEMAN: Sir, back to the
12 question of the dual laning of the 275,
13 left turning of 275 access, have you had
14 any conversations with INDOT about that?
15 Do you think that's something that they
16 will approve once we have an applicant in
17 place?

18 MR. RALSTON: I don't think it may
19 take an applicant for that to happen.
20 There are already lines of traffic there
21 on a regular basis, and I think that's
22 going to happen regardless of whether
23 gaming comes to Lawrenceburg or not.

1 MR. KLINEMAN: And as that traffic
2 comes off of that it then should flow
3 into --

4 MR. RALSTON: That's correct.

5 MR. KLINEMAN: -- the two lanes,
6 the left-turn lane in the middle or are
7 we going to have two lanes going like
8 that?

9 MR. RALSTON: There's some space
10 there and another lane so that the two
11 turn lanes will have their own line of
12 traffic. There will be a third lane for
13 a right-hand turn from the opposite
14 direction.

15 MR. KLINEMAN: While we're on this
16 subject I guess there has been some
17 discussion of a bypass. Is this
18 applicant involved in any of that
19 discussion of the bypass which would get
20 traffic completely around Lawrenceburg
21 into your area?

22 MR. MOORING: Alex Mooring, Boyd
23 Gaming. We have had discussions on the

1 bypass, but there have been no firm
2 commitments made. Really our traffic
3 engineers, we've had a total of three
4 studies that have been done for Highway
5 50, and then we saw the fourth study that
6 they did for Boomtown.

7 So we've had four studies say
8 traffic can be handled in a safe and
9 efficient manner with an addition of a
10 fifth lane and signalization so we think
11 it's premature to go ahead and look at
12 that particular project right now.

13 Obviously if traffic is going to be
14 a major concern we would look at that
15 because we have such a significant
16 investment on the west side of town that
17 ultimately that's something that probably
18 would happen.

19 MR. KLINEMAN: And the next
20 question, and maybe Steve wants to answer
21 it, which is the level of traffic today,
22 the level of traffic with your project in
23 place, and the level of traffic if a

1 license should be granted either in Ohio
2 or Switzerland County.

3 MR. STEVE FEHRIBACH: We took a
4 look at the traffic. Steve Fehribach,
5 A & F Engineers. We took a look at the
6 traffic for a boat in Vevay market area,
7 and basically what we found because of
8 the routes about 15 percent of the
9 traffic will probably come through the
10 Lawrenceburg area.

11 We generated trips for those 15
12 percent and then looked at our capacity
13 analysis again and found that we still
14 have above acceptable levels of capacity
15 on U.S. 50. So if you're looking at
16 Vevay license, you're looking at
17 Lawrenceburg on the west side U.S. 50
18 with this fifth lane will still operate
19 at acceptable levels.

20 With this fifth lane we're going to
21 add 27 to 30 percent capacity on that
22 roadway so you're going to have a
23 significant amount of capacity out there

1 to have to carry this traffic. One of
2 the big misconceptions I think we have is
3 we're going to have a lot of people all
4 at once out there.

5 Well, we basically look at peak
6 hours, and if we can make those peak
7 hours work we know everything else will
8 work. So we add all this traffic in, and
9 then see if it will work. The reality is
10 -- and if you're from around here in the
11 area you take a look at a Meijer super
12 store and a Sam's and a Wal-Mart, you're
13 looking at as much traffic during the
14 peak hour as you are for this gaming
15 boat.

16 MR. KLINEMAN: And have you looked
17 at the peak hours for Friday afternoon?

18 MR. STEVE FEHRIBACH: Friday
19 afternoon. Actually we looked at Friday
20 evening would be the highest peak. That
21 would be full capacity. We did worse
22 case scenario, every car's coming in for
23 that evening peak, and so many are

1 leaving from the time before, and that's
2 the worst case.

3 And we know people are going to
4 come in on buses so what we did was look
5 at the worse case scenario. We looked at
6 every car coming to that boat at that one
7 hour, for that one hour, and then leaving
8 also because you've got a boat departing
9 as one's leaving. Now, we know not
10 everybody's going to depart that boat,
11 but we used that in the analysis to make
12 sure that this would work.

13 MR. KLINEMAN: And you used the big
14 permanent boat, not the Mary's Prize?

15 MR. STEVE FEHRIBACH: We've done
16 both boats. We've looked at the large
17 boat and the original boat, and we've
18 looked at 3,150 also which is the most
19 recent study, and it shows that we're
20 still having acceptable levels.

21 MR. KLINEMAN: What about an Ohio
22 County boat? Did you plug that into any
23 kind of scenario?

1 MR. STEVE FEHRIBACH: As the
2 Commission knows, my firm did a traffic
3 study for the Rising Sun area. That
4 boat, a significant more amount of
5 traffic may come through the Lawrenceburg
6 area although we'd still have a
7 significant amount of traffic coming down
8 129 from Indianapolis. We looked at that
9 boat through Lawrenceburg, but we did not
10 include that traffic into this analysis.

11 However, with the 20 to 30 percent
12 increase in capacity and levels of
13 service of B -- if you remember last time
14 I talked to you I talked to you about A,
15 B, C, D, and E. We are going to have
16 level of service B out there when this
17 boat opens up so we have the capacity out
18 there.

19 MR. THAR: Your project is on the
20 west side. You have the endorsement of
21 the city yet the city has represented --
22 some people on behalf of the city
23 represented during the public comment

1 that a boat on the west side, because of
2 the traffic problem, would be somewhat
3 devastating for the City of
4 Lawrenceburg. Can you explain that
5 apparent inconsistency from Boyd's point
6 of view?

7 MR. BOUGHNER: Bob Boughner for the
8 record. Sir, do you mean with respect to
9 traffic or other possible impacts?

10 MR. THAR: With respect to
11 traffic. It went so far as one person
12 represented, it was a citizen of
13 Lawrenceburg, that to put a boat in
14 Rising Sun which would bring traffic
15 through there would be devastating, and a
16 project on the west side from a traffic
17 standpoint is a nightmare yet you have
18 the city's endorsement. Can you explain
19 how those two work together?

20 MR. STEVE FEHRIBACH: I think the
21 point is when we look at the traffic
22 today and we look at a two-lane facility
23 and we envision the traffic from a boat

1 or from any lane use, be it a retail
2 establishment of 300,000 square feet,
3 yes, there could be problems.

4 But when we look at the aspect of
5 future road improvements, the fifth lane
6 facility, the additional work at the 275
7 intersection, signalization
8 modernization, when we look at those with
9 the added signal at their driveway then
10 if we can mitigate the problems with the
11 additional traffic traffic will flow
12 efficiently and more safely, I mean,
13 without a doubt.

14 MR. THAR: I've heard all that.
15 What I'm trying to get, what is the
16 proper perspective upon which to look at
17 the city's endorsement in view of the
18 traffic? They say on one hand they
19 endorse Boyd Gaming. On the other hand
20 they say any project on the west side of
21 town is a traffic nightmare.

22 MR. MOORING: Alex Mooring, Boyd
23 Gaming. I think that as far as

1 inconsistency I think the people making
2 those statements did not have the benefit
3 of the various traffic studies that
4 essentially the city council and all of
5 the people that were in the selection
6 process had, and so they agreed that with
7 the three studies that were there that it
8 did look like a feasible alternative.

9 MR. KLINEMAN: So then from Boyd's
10 perspective the city's endorsement with
11 regard to Boyd Gaming means it's more of
12 the company rather than the location of
13 the project? Whether you're the endorsed
14 company on the east side or the endorsed
15 company on the west side that's what they
16 would prefer?

17 MR. BOUGHNER: Bob Boughner for the
18 record. We don't interpret that
19 endorsement to be qualified as an
20 endorsement simply of the company nor an
21 endorsement of our location. We
22 interpret it as the project that we
23 proposed on the west side of town by our

1 company has been endorsed by the city.

2 MR. THAR: At the time that you
3 were endorsed did you suggest at any time
4 to the city that you would move your
5 project from the west side to the east
6 side of the city?

7 MR. MOORING: Alex Mooring with
8 Boyd. We did make one representation
9 that if there were some opportunities --
10 we had been pushed quite hard to move to
11 the city Conservancy District side, and
12 we told them we thought that the
13 buildability factor and the normal
14 environmental and ecological problems
15 would preclude that, but if they could
16 show us some objective reasons why that
17 site would not work we would consider
18 looking at that other project. We said
19 we probably could not duplicate the
20 project that we have on the current
21 site.

22 MR. THAR: Then is their
23 endorsement based upon your west side

1 project?

2 MR. MOORING: Yes, it is.

3 MR. THAR: So at the time they
4 endorsed the project they were aware of
5 the traffic concerns, you showed them
6 that those could be alleviated, and you
7 were endorsed?

8 MR. MOORING: Yes, sir.

9 MR. KLINEMAN: Is there a written
10 report, written traffic report, covering
11 the scenarios that you have been through,
12 and has that been filed with the
13 Commission or not? It has been, okay.

14 MS. BOCHNOWSKI: When you say -- I
15 can understand what you're talking about
16 about the west side being easier to build
17 on than the east side. When you talk
18 about buildability problems on the east
19 side how much are you talking about?
20 Have you looked into that? Do you have
21 some idea of how much more you're talking
22 about adding to construction costs, or
23 why do you say it's not a good spot to

1 build on?

2 MR. MOORING: Alex Mooring with
3 Boyd Gaming and Sam Marshall. Yes, we
4 have looked at -- there are no firm
5 studies. We have looked at -- there are
6 a number of components to the site, and
7 we looked at the absence of problems on
8 our site as being significant. Sam, do
9 you want to cover this?

10 MR. MARSHALL: Sam Marshall, Boyd
11 Gaming. On the west side site, the site
12 we chose, there is no wetlands. There is
13 no environmental issues. There is
14 insignificant archeological issues. The
15 site stayed above the flood this past
16 year. It's ready to be built on today.

17 We believe that to go to the east
18 site and let the Corps look at that is
19 going to take 18 to 24 months, possibly
20 even as far as going to Washington to get
21 that site approved. We believe that we
22 can get the west site approved within the
23 normal permitting time by the Corps.

1 MS. BOCHNOWSKI: You're saying it
2 will take that long because of ecological
3 concerns or flooding concerns or all of
4 the above?

5 MR. MARSHALL: We believe that
6 there's -- all of the above. We believe
7 that there's significant wetlands, we
8 believe that there's ecological problems,
9 and we believe that because of the
10 flooding and building the new levies to
11 protect that site that site is not nearly
12 constructable as the site on the west
13 side.

14 MR. SUNDWICK: Are you surprised
15 how much interest there is in this
16 traffic? Did you anticipate that? I
17 mean, there's wetlands problems and the
18 problems that you alluded to, but I don't
19 think anybody, including myself --
20 there's a lot of concern about this
21 traffic issue. Would you, in fact,
22 continue if you knew what you do today to
23 put your boat on the west side of town?

1 MR. BOUGHNER: Yes, sir, we would.
2 We feel that we have done the necessary
3 research with regard to the traffic
4 studies. We're satisfied with the
5 outcome of those studies, and we believe
6 that we will be able to mitigate any
7 impact. As a matter of fact, I would say
8 very resolutely that knowing what we know
9 today we have picked the only site that
10 Boyd Gaming would feel comfortable with.

11 MR. SUNDWICK: Did any of your
12 organization attend the public hearing in
13 Vevay?

14 MR. BOUGHNER: I personally did
15 not, but there were others from our
16 company who did.

17 MR. SUNDWICK: Do you remember the
18 Mayor from Greendale?

19 MR. MOORING: Yes. I remember Mr.
20 Hoffman and Mr. Braun.

21 MR. SUNDWICK: You've met with
22 them?

23 MR. BOUGHNER: We have met with

1 reputation on the line. You've seen the
2 millions of dollars that are going to be
3 spent, and I'm the one that has said that
4 this will work from a traffic
5 standpoint. I've done the traffic
6 studies, I've done the traffic counts,
7 I've done the capacity analysis along
8 with Steve.

9 We've done them over and over
10 because we have kept hearing these
11 responses, and we have gone back and
12 rechecked our numbers because we knew
13 someday we were going to be standing
14 before you and we were going to get these
15 questions.

16 And, yes, the traffic will work on
17 U.S. 50 once the fifth lane is built,
18 once the signals are installed, and once
19 they're interconnected and operating
20 properly.

21 MR. KLINEMAN: Are you as
22 optimistic as the city engineer about
23 this project being done by the end of the

1 year?

2 MR. BILL FEHRIBACH: I haven't
3 heard that. I don't care to comment on
4 that.

5 MR. KLINEMAN: Anything else on
6 traffic? That report has been filed with
7 the Commission that was prepared by the
8 traffic engineers I'm told.

9 MR. THAR: I don't have a distinct
10 memory of reading it among all the other
11 things if that's the question.

12 MR. KLINEMAN: Well, it's
13 fascinating reading. I'm sure you would
14 remember it. Riveting would be the word
15 I'd like to use. Well, since this is a
16 major thing if it is in the file maybe
17 copies should be made and made available
18 to the Commissioners. If it's not in the
19 file then I think it should be filed.

20 MR. BOUGHNER: I have just been
21 advised that we will make additional
22 copies available for you today.

23 MR. KLINEMAN: Anything else on

1 traffic at this particular time?

2 MR. MILCAREK: This site would have
3 to have a new access from Highway 50? A
4 new interchange would have to be
5 constructed, is this true, to your site?

6 MR. BOUGHNER: Yes, sir.

7 MR. MILCAREK: And who would put
8 that in, Boyd Gaming or the Department of
9 Transportation, or who would have to do
10 that?

11 MR. BOUGHNER: The new signalized
12 intersection at Highway 50 is a part of
13 our overall development costs. Alex, did
14 you have anything to add to that?

15 MR. MOORING: No.

16 MR. MILCAREK: So that doesn't have
17 anything to do with Indiana? They would
18 approve it, but you would pay for it?

19 MR. BOUGHNER: Yes, sir. We would
20 pay the full cost of the signalized
21 intersection at Highway 50.

22 MR. KLINEMAN: Is there another
23 topic?

1 MR. SUNDWICK: I had a question
2 about local investment. We went through
3 the Gary hearings and had a lot of people
4 involved in local investor projects. I
5 notice that you have a number of local
6 investors. Is anybody -- without
7 counting them how many local investors do
8 you have?

9 MR. BOUGHNER: To answer questions
10 about local investors I'd like to bring
11 up Ellis Landau, our chief financial
12 officer.

13 MR. LANDAU: Ellis Landau. We have
14 not made any offers to local investors at
15 this time. After the award of the
16 suitability we may do that, and it will
17 be in compliance with all gaming laws and
18 securities laws, but there hasn't been
19 anything done at this time.

20 MR. SUNDWICK: What are the 21
21 names listed? Are they not local
22 investors, or are they just investors?

23 MR. LANDAU: No. There have been

1 some contacts made. There have not been
2 any offers made to any of these people.

3 MR. VOWELS: The list I see here
4 shows 21 people, and it says that they
5 are required to pay 25 percent and the
6 balance on recourse. We've got specific
7 names and backgrounds on them. Are they
8 obligated somehow between the two of
9 you?

10 MR. LANDAU: I think it's just a
11 question of the timing. Yes, there's
12 been contacts made, and these types of
13 terms you see have been generally
14 discussed. I just want to point out that
15 there have been no specific offers made
16 so there has not been anybody brought
17 before you, and the project is now 100
18 percent owned by --

19 MR. SUNDWICK: I ask these
20 questions. I have 21 names in the book.
21 I want -- you're telling me there isn't
22 anybody or is there?

23 MR. TABBERT: Don Tabbert. The

1 answer is that after Lake County and the
2 Commission pretty well set the standards,
3 what we did was any contacts that we
4 made, even if there was nothing offered,
5 we listed those as potential investors.
6 Everyone of those persons was contacted,
7 but there's been no offer made
8 whatsoever. That's the exact status of
9 it.

10 MR. SUNDWICK: So I think we talked
11 about, and I think you were there in
12 Gary, and I asked how they found these
13 people. Did you also put something in
14 the paper, or how did you find these 21
15 people?

16 MR. TABBERT: They were people who,
17 in fact, we thought would be able to
18 contribute to the economic betterment.
19 They were people that would be able to
20 share in any profits that would be
21 received by Boyd Gaming. They're people
22 that would be able to contribute to that
23 part of the statute referring to

1 development as far as Indiana is
2 concerned.

3 There's no difference between that
4 group and any other group in any other
5 jurisdiction. It's the same, but we
6 decided not to go ahead and have any
7 offers made at all until after this
8 determination of certificate of
9 suitability.

10 MR. SUNDWICK: How did you come up
11 with the list?

12 MR. TABBERT: We were talking about
13 names of persons that would be
14 potentially good investors. There was no
15 magic to it. It was a cross section of
16 industrialists, businessmen, minority
17 persons. We tried to have a cross
18 section.

19 MR. SUNDWICK: Did Boyd Gaming come
20 up with this, or who came up with the
21 list?

22 MR. TABBERT: We did it on behalf
23 of Boyd Gaming.

1 MR. SUNDWICK: Who is "we"?

2 MR. TABBERT: Our law firm.

3 MR. SUNDWICK: So your law firm
4 said these people would like to invest in
5 this project?

6 MR. TABBERT: The law firm
7 contacted those persons to find out if
8 they were interested.

9 MR. KLINEMAN: I guess we need to
10 pin down is they in or is they not in?
11 Should we be looking to these people or
12 not? Are they going to be in or not?

13 MR. TABBERT: Every one of those
14 persons I think would be offered the
15 opportunity to be an investor if there
16 was a certificate of suitability. That's
17 the consistent position we've taken in
18 the past.

19 MR. KLINEMAN: And what would be
20 the terms of the offer?

21 MR. TABBERT: That would be between
22 Boyd and those investors, but we are
23 talking about a --

1 MR. KLINEMAN: What percentage of
2 the whole?

3 MR. TABBERT: Bill.

4 MR. BOYD: Yes, Bill Boyd. I
5 personally met with all of those 21
6 people along with Chuck Ruthe, and they
7 would pay 25 percent down and the balance
8 would be paid out of profits.

9 MR. KLINEMAN: On a recourse note?

10 MR. BOYD: Yes.

11 MR. KLINEMAN: And is they in or is
12 they not in? Are they going to be in?

13 MR. BOYD: Yes. I think Ellis was
14 saying formally we haven't made an
15 offer. We haven't -- I think we have to
16 ask for some legal advice when we make
17 that offer so that has not formally been
18 done, but we have talked to all of those
19 people, and as far as we're concerned
20 they will be acceptable investors, yes.

21 MR. THAR: As of today then you
22 don't know legally whether or not, should
23 you get a certificate of suitability, you

1 could make them an offer?

2 MR. TABBERT: That's not right. We
3 do know they could.

4 MR. SUNDWICK: You're going to say
5 that if we get the certificate you're
6 going to make them an offer so they can
7 do this, they can invest?

8 MR. BOUGHNER: This is Bob Boughner
9 for the record. I'd like to just shed a
10 little light on one point. When we talk
11 about the legal issues and when we talk
12 about not making a formal offer, any type
13 of securities transaction of this nature
14 would require a certain disclosure and
15 offering memorandum. None of the
16 disclosures -- neither the disclosure or
17 offering memorandum has been prepared.

18 At such time as there was an entity
19 going forward it would be our intention
20 to prepare that offering memorandum and
21 disclosure and to offer to the
22 individuals listed in the document that
23 you have substantially along the lines

1 that have been described, but that would
2 be rather detailed.

3 MR. SUNDWICK: The local investment
4 seems to be mostly Indianapolis people or
5 nonLawrenceburg people. Is there any
6 reason for that, or is there anybody that
7 wants to talk about that down in
8 Lawrenceburg?

9 MR. TABBERT: There were contacts
10 that we looked at every place not limited
11 to Indianapolis at all. As far as being
12 able to say whether there was a
13 Lawrenceburg individual that actually
14 indicated that they were interested I
15 can't say. That's no different than it
16 was in Gary or anyplace else. But those
17 people were each contacted, and they each
18 have gone and seen the Boyd properties,
19 and they each have, in fact, indicated an
20 interest.

21 MR. VOWELS: Were any of these
22 people on the Gary list?

23 MR. TABBERT: Were any on the Gary

1 list? You mean for another applicant?

2 MR. VOWELS: If we looked at our
3 Gary papers would we see any of these
4 people?

5 MR. TABBERT: I think the answer to
6 that is no. I'm pretty sure the answer
7 to that is no.

8 MR. SUNDWICK: I remember asking I
9 think the people in Gary. Mr. Trump
10 wasn't real happy about -- you recall
11 that.

12 MR. TABBERT: Yes, I do.

13 MR. SUNDWICK: -- giving any part
14 of his business away, and I guess I'd ask
15 the same questions. We got -- unless
16 these 21 people from down around the
17 Lawrenceburg area get an opportunity to
18 invest then they must contribute
19 something to this because, I mean,
20 there's got to be some reason.

21 MR. TABBERT: Reason as to why
22 they're listed?

23 MR. SUNDWICK: Why they're listed.

1 If they're an attorney and they did some
2 work on this and they ought to be a part
3 of this or --

4 MR. TABBERT: I think the answer to
5 the question is that all 21 persons are
6 persons that we think would be persons
7 that would be good investors, but we
8 think because of the position that was
9 taken after Gary that the appropriate
10 thing was not to go forward with a
11 commitment until after there was a
12 certificate of suitability.

13 They have been contacted and asked
14 if they were interested, and they have
15 answered that they were, and they have
16 visited and talked with Boyd
17 representatives. That's as far as it's
18 gone.

19 MR. SUNDWICK: And I guess there's
20 a lot of people, maybe people out here in
21 the audience haven't been contacted, but
22 I'm just trying to figure out how these
23 people get contacted. I asked in Gary if

1 they put an ad in the paper, and somebody
2 up there said Well, a lot of people just
3 kind of showed up, they had some
4 interest. How do these people get
5 interested? I'm perplexed.

6 MR. TABBERT: They had to be
7 contacted, and they had to indicate that
8 they were interested.

9 MR. SUNDWICK: Well, how did you
10 get the name to contact? Somebody had to
11 know these people. You didn't go through
12 the phonebook.

13 MR. TABBERT: Well, for example,
14 McGinnis, a well known basketball player,
15 George McGinnis, was a person that has
16 expressed an interest in investing. We
17 knew that of our own knowledge.

18 The basic theory is that instead of
19 the particular company getting 100
20 percent of the profits that from the very
21 beginning that would be shared by other
22 individual investors. That's been our
23 position from the beginning, and I think

1 that makes sense consistent with the
2 Indiana statute.

3 MR. MILCAREK: You say that they
4 would be good investors. Who would you
5 say would not be a good investor if you
6 only had to invest 25 percent and get 100
7 percent back?

8 MR. SUNDWICK: When you make an
9 offer somebody says I'll give you 25
10 percent -- If you come up with 25 percent
11 we'll get the license and finance the
12 rest of it for you so I'm just trying to
13 figure out how we find these people, what
14 they contributed. If Mr. Boyd -- if they
15 were all friends of Mr. Boyd say They're
16 all friends of mine. I'll buy that.

17 MR. TABBERT: It isn't what they've
18 contributed. It's whether or not if this
19 certificate of suitability is issued they
20 would, in fact, be good investors with
21 some diversification. That's it in a
22 nutshell.

23 MS. BOCHNOWSKI: Would they have a

1 say in how things are run there, or will
2 they have a voice at all? Is that part
3 of what makes them a good investor?

4 MR. TABBERT: Yes, it is.

5 MS. BOCHNOWSKI: When you say 25
6 percent, 25 percent of what amount, or
7 will it vary?

8 MR. LANDAU: This is Ellis Landau.
9 Let me explain the economics of it. The
10 offer we contemplate making is for ten
11 percent of the ownership. So assuming
12 that there is \$50 million of equity, \$50
13 million of ownership, we will sell 10
14 percent for \$5 million.

15 Now, to each investor of the \$5
16 million, let's assume there's one
17 investor for \$5 million, we will say pay
18 25 percent down in cash which would be
19 \$1,250,000 and give us a note, a recourse
20 note that we can go back against them,
21 for \$3,750,000 and pay that off over
22 time.

23 And as the profits are earned and

1 there's income to the investors they will
2 be able to repay the note. If they are
3 unable to repay the note the company will
4 be able to ask them for the money.

5 There's recourse there. It's not a
6 gift. The full \$5 million is being paid
7 to us, 25 percent at the beginning and 75
8 percent over time.

9 MR. SUNDWICK: I think at this
10 point we've learned more than we knew in
11 Gary. I mean, we all now are going to
12 pay for this instead of this being a free
13 deal.

14 MR. LANDAU: No, it's not.

15 MR. SUNDWICK: I understand. So
16 we've learned something from Gary anyhow,
17 but I think what I'm still trying to
18 figure out is it's like somebody won the
19 lottery.

20 MR. BOYD: Bill Boyd. We asked our
21 law firm to give us a list of people that
22 would be good investors telling them that
23 we wanted good citizens. We wanted

1 someone with a good reputation that would
2 pass mustard, due diligence as far as
3 we're concerned in addition to what the
4 Indiana Gaming investigation might
5 reveal.

6 So we asked for those type of
7 individuals to interview. Myself and
8 Chuck Ruthe came to Indianapolis and
9 talked to all of those people, all of
10 those individuals, and we were satisfied
11 that they would make investors that we
12 would be proud to have in our company.

13 MR. SUNDWICK: So you're really
14 doing this because you believe it meets
15 the Indiana statutes or --

16 MR. BOYD: The Indiana statutes as
17 I understand them, yes, do say that it's
18 important for Indiana investors -- I
19 forgot the exact wording now of the
20 statute, but there is a preamble that
21 says that, yes, sir.

22 MR. KLINEMAN: Anything further?

23 MR. VOWELS: Speaking of statute

1 let me get this out of the way. Again,
2 as I stated earlier, the Senate and the
3 House adopted new legislation, and I want
4 to ask this question so we can be certain
5 that it's addressed. It says that we
6 can't grant a license if we determine
7 that it's difficult or unlikely for the
8 boat to be able to depart from the dock.
9 Would you answer that question for the
10 record?

11 MR. BOUGHNER: Bob Boughner for the
12 record. There would be no issue with
13 regard to departure from the dock. The
14 boat will be able to leave from the dock
15 and also return to the dock.

16 MR. VOWELS: That answers that.
17 Thanks.

18 MR. KLINEMAN: Do you have a
19 cruising map that you could leave the
20 dock then drift for a few minutes and
21 come back?

22 MR. BOUGHNER: I do not have a
23 cruising map available here today, sir,

1 but we can provide that for you.

2 MR. KLINEMAN: But you're assured
3 that there will be a sufficient cruising
4 area around your docking site?

5 MR. BOUGHNER: Yes, sir, without
6 question.

7 MR. VOWELS: Do you have an
8 application in Hammond? Is that right?

9 MR. BOUGHNER: Yes. We do have an
10 application on file in Hammond.

11 MR. VOWELS: What happens if you
12 get the boat here? What will you do with
13 that?

14 MR. BOUGHNER: I'd like to have
15 Bill Boyd come up and speak to that.

16 MR. BOYD: What was the question
17 again, sir?

18 MR. VOWELS: You have application
19 in Hammond.

20 MR. BOYD: Yes.

21 MR. VOWELS: If you receive the
22 certificate of suitability for
23 Lawrenceburg what will you do with the

1 application in Hammond?

2 MR. BOYD: What would happen to the
3 Hammond application? Well, our focus is
4 on Lawrenceburg. That's what we want is
5 to be selected for Lawrenceburg. We
6 would -- if we weren't selected we'd have
7 to make a decision after we found that
8 out. If we were selected we would have
9 to take another look at Hammond and make
10 a determination as to which course we
11 should follow at that point.

12 MR. VOWELS: Are you the sole owner
13 of the application in Hammond, or are you
14 joined up with anybody up there?

15 MR. BOYD: No. Presently we are
16 the sole owner, but as I understand the
17 statutes if we were selected for
18 Lawrenceburg we couldn't own more than
19 ten percent of an application in Hammond,
20 and that's why would have to consider
21 that if we were selected for
22 Lawrenceburg, but this has been our
23 primary focus for sure.

1 MR. KLINEMAN: Mr. Boyd, while
2 you're on your feet I'll ask a question
3 that occurred to me. During your
4 presentation you seemed to be about every
5 place but in Atlantic City. Have you any
6 prospects for going to Atlantic City?

7 MR. BOYD: We have nothing imminent
8 as far as Atlantic City is concerned. We
9 looked there many years ago about the
10 time that we were ready for our first
11 expansion of Sam's Town in Las Vegas and
12 had to make a decision as to whether to
13 expand Sam's Town or go to Atlantic City,
14 and we decided to expand Sam's Town. But
15 we certainly have never ruled Atlantic
16 City out. If there were opportunities
17 there we would certainly consider those
18 in the future.

19 MR. KLINEMAN: Which brings us to
20 the next question which is you say you
21 have \$50 million in banks in Indiana, and
22 we have your commitment that money is
23 dedicated to the Indiana project? It

1 will not be used otherwise?

2 MR. BOYD: Yes. I might have Ellis
3 Landau speak some more about the
4 financial capability that we have.

5 MR. KLINEMAN: By the way, one of
6 your presenters said it was four blocks
7 from here, and another one said it was
8 three, and it looks like the money's
9 moving closer to this group all the
10 time.

11 MR. LANDAU: This is Ellis Landau,
12 and I was assured it was three blocks,
13 and I was very much surprised when Mr.
14 Tabbert announced four. The \$50 million
15 is here in Indiana, is placed in Indiana
16 banks, and it is here for the
17 Lawrenceburg project and will remain here
18 to develop the project. As I indicated
19 in our presentation, we have firm bank
20 commitments for the balance so we are
21 fully funded for the project.

22 MS. BOCHNOWSKI: What interest will
23 you be paying on the balance of that? Do

1 you have any idea yet?

2 MR. LANDAU: Excuse me?

3 MS. BOCHNOWSKI: What kind of
4 interest rates or terms will you be
5 having for the balance, or have you had
6 any?

7 MR. LANDAU: Yes. We have a firm
8 loan commitment so all the terms are
9 spelled out. In fact, that loan
10 commitment was delivered to Mr. Thar, and
11 it is available to the Commission so it
12 has all the terms spelled out. The loan
13 has been arranged as a four year loan.
14 It allows for a construction period and
15 then a repayment period for three years
16 beyond that.

17 The interest rates fluctuate over
18 time based on the level of our earnings
19 at the property in relationship to how
20 much debt we have, and the range is from
21 one and a quarter points over LIBOR to
22 275 basis points over LIBOR, and it is at
23 the prime rate to I believe about one and

1 a quarter percent over the prime rate.
2 LIBOR is just a method the banks use --

3 MR. KLINEMAN: Sounds so
4 unAmerican.

5 MS. BOCHNOWSKI: Well, it is.
6 Correct me if I'm wrong. It's a bunch of
7 bankers in London who get together and
8 figure out what the interest rates should
9 be. There is no Federal Reserve or --

10 MR. LANDAU: Well, it's more of a
11 market rate than the prime rate. The
12 prime rate is really a bunch of bankers
13 getting together. The LIBOR at each
14 bank, that's done independently at each
15 bank. The prime rate is a state
16 administered rate. The LIBOR is a market
17 rate, and it is the market rate for your
18 dollars priced in London just like
19 federal funds are how banks borrow money
20 from each other.

21 MS. BOCHNOWSKI: I know people who
22 have done business with major
23 corporations in London, and they say it's

1 real goofy. I've been asking about
2 this.

3 MR. LANDAU: They give us a rate.
4 For those of us who borrow LIBOR the
5 rates are just given to us by the banks,
6 and they all see it on screens, and it's
7 made known to everyone as to what those
8 rates are. So it really does reflect the
9 market at any given time.

10 MS. BOCHNOWSKI: I'm sure you're
11 right.

12 MR. KLINEMAN: It's just a sign
13 we're all internationalized today.

14 MR. LANDAU: Is that it on the
15 terms? If there's anything else about
16 the loan I'd be glad to share it with
17 you.

18 MS. BOCHNOWSKI: Do you feel --
19 that's a real short-term loan. Do you
20 feel that you're going to be generating
21 the cash flow from this project to cover
22 the loan? Is that how you're planning to
23 pay it back in such a short time?

1 MR. LANDAU: Yes, most definitely.
2 The amortization of the full \$90 million
3 loan we would have \$22.5 million to repay
4 each year, and our projections of cash
5 flow from the property are well above
6 that. In addition, it's supported by the
7 parent company so there will be adequate
8 cash flow available to repay the loan in
9 any event.

10 MS. BOCHNOWSKI: You've got a lot
11 of projects. Do you do these on a
12 project by project basis, or do you take
13 -- how much money goes back to the
14 parent company for other -- how much
15 stays in Lawrenceburg and goes back into
16 the Lawrenceburg project? What I'm
17 concerned about is is this just something
18 -- I think these boats, especially
19 before competition comes on, these boats
20 can be very lucrative, and I'd like to
21 see that money go back to the
22 Lawrenceburg project.

23 MR. LANDAU: Well, we do support

1 all of our projects out of the parent
2 company. The support -- every project we
3 have is supported by the parent company.
4 As a matter of fact, the \$50 million is
5 being put down into Lawrenceburg by the
6 parent company so they are funds that
7 have been generated out of other projects
8 that we have.

9 So there really is one large pool,
10 and I think that's very important because
11 with a large company that does offer the
12 support of everything we have to
13 Lawrenceburg. The Lawrenceburg project
14 is not just supported by one but
15 supported by everything, and that is of
16 incremental value to having a large
17 company support it.

18 The funds that are generated in
19 Lawrenceburg we're going to repay the
20 debt in Lawrenceburg. It can also go to
21 expand Lawrenceburg, and if there are
22 more funds required they can be brought
23 in by the parent company to do even

1 more. So the fact that we are a large
2 company and the funds can be moved from
3 one to the other that's a positive
4 because we can support with our
5 properties at anyplace that's needed.

6 MR. KLINEMAN: Anything else on the
7 financing aspects of this project? We're
8 ready for another topic. Does anyone
9 have anything?

10 MR. THAR: At the time that the
11 Commission had its analysis conducted you
12 at that time proposed the third smallest
13 boat in Lawrenceburg with a gaming square
14 footage of 42,320, marketing expenses
15 were second lowest, square feet of gaming
16 position was the smallest of all of them
17 down there. If I understand the
18 representations in the presentation today
19 you've revamped all of that upwards; is
20 that correct?

21 MR. BOUGHNER: What we've revamped
22 is we have made the determination to
23 purchase a larger boat for our final boat

1 for the market, and that does a couple
2 things. One, it makes for better
3 experience of the patrons when they come
4 on. Two, it gives us the opportunity to
5 do better on peak periods, and it gives
6 us great comfort in being able to achieve
7 our best case projections which we
8 submitted to the Commission some 16
9 months ago. We stand by our original
10 projections.

11 MR. THAR: But with the larger boat
12 you're using the higher projections
13 rather than the anticipated projections?

14 MR. BOUGHNER: We're using the best
15 case projections, and those are the
16 projections that we stand by.

17 MR. THAR: How big now is the boat
18 that you are proposing to put in?

19 MR. BOUGHNER: 388 feet by 100
20 feet.

21 MR. THAR: And what does that give
22 you in terms of gaming space?

23 MR. BOUGHNER: About approximately

1 65,000 square feet of gaming space which
2 in this particular configuration would
3 net out about 2,955 gaming positions.

4 MR. THAR: That's substantially
5 higher in terms of gaming positions than
6 what was originally proposed.

7 MR. BOUGHNER: That is correct,
8 sir.

9 MR. THAR: And what's the square
10 footage per gaming position?

11 MR. BOUGHNER: That averages out to
12 about 22.7.

13 MR. THAR: Right about the same as
14 it was before?

15 MR. BOUGHNER: That's correct.

16 MR. THAR: Would you consider that
17 then to be somewhat crowded?

18 MR. BOUGHNER: No, we would not
19 consider it to be somewhat crowded.
20 Actually it's pretty generous.

21 MR. THAR: How are we to analyze
22 these figures at this point in time?

23 MR. BOUGHNER: I'm sorry, sir?

1 MR. THAR: How are we to go about
2 analyzing these figures at this point in
3 time?

4 MR. BOUGHNER: I think the
5 judgement that I would make is what it's
6 done is it's added cost, and we have
7 provided financing for that added cost.
8 It's added comfort, and I think that
9 speaks for itself. It's added for the
10 ability to handle peak periods, and that
11 speaks for itself.

12 And, again, we're not submitting
13 new projections to you. What we are
14 doing is standing by our best case
15 projections which in the first year are
16 roughly in the \$195,000,000 range.

17 MR. THAR: Well, in effect your
18 projections were originally relatively
19 conservative. By jumping up the size of
20 the boat you jump up to the most
21 optimistic projections that you have.

22 MR. BOUGHNER: It's pretty
23 consistent in our past that we do make

1 conservative projections. We want to be
2 valued not necessarily on the projections
3 we make but on the earnings that we
4 generate, and typically the projections
5 that we do, whether they be for
6 regulatory bodies or for banking firms or
7 any type of institutional investors, are
8 generally along the conservative side.
9 We just think that's the right way to do
10 it.

11 MR. THAR: I did not see that the
12 cost of your project went up. Is it
13 still \$164 million?

14 MR. BOUGHNER: The cost of the
15 project did increase. It's \$157 million
16 for the development including the \$10
17 million first year grant payment to the
18 City of Lawrenceburg. We added
19 approximately \$13 million to the project
20 for the larger boat and the related
21 equipment that would go along with that.
22 And, again, that was outlined in our
23 sources and uses, and the funds are

1 available for that.

2 MR. THAR: But that 13 million
3 increased cost for the newer boat is not
4 included in our analysis?

5 MR. BOUGHNER: That is correct,
6 sir.

7 MR. THAR: And what now do you
8 anticipate the cost of the boat to be,
9 the new boat?

10 MR. BOUGHNER: The cost of the boat
11 is \$53 million, and that's a fully
12 operational cruising riverboat at 53
13 million including all of our gaming
14 equipment.

15 MR. THAR: The permanent boat is
16 \$53 million including the gaming
17 equipment?

18 MR. BOUGHNER: Yes, sir.

19 MR. THAR: 388 by 100?

20 MR. BOUGHNER: Yes, sir.

21 MR. THAR: Where do you intend to
22 have this boat built?

23 MR. BOUGHNER: We have two options

1 at this point in time. Option number one
2 would be Jeffboat here in the state could
3 possibly get the contract for it. The
4 second option would be Service Marine
5 Industries in Morgan City, Louisiana. We
6 have already purchased two boats from
7 Service Marine Industries and have
8 developed a good relationship with them.
9 We know that they can deliver a boat on
10 time and on budget and with the quality
11 level we feel is important for this
12 project.

13 MR. THAR: So, in other words, the
14 contract has not been given?

15 MR. BOUGHNER: There has been no
16 contract given, and we would only give a
17 contract to the boat builder at such time
18 we were awarded a certificate of
19 suitability.

20 MR. THAR: With regard to our
21 analysis your temporary boat is shown to
22 have 30,448 square feet of gaming space.
23 Is that still the same temporary boat we

1 saw the slide of?

2 MR. BOUGHNER: Yes, sir.

3 MR. THAR: So our analysis of the
4 temporary boat would still be accurate
5 based on your representations today?

6 MR. BOUGHNER: Yes, sir. I might
7 add that with respect to that boat that
8 boat needs three things to get it ready
9 for gaming, carpet, slot machines, and a
10 trip to Lawrenceburg.

11 MR. THAR: You discussed I think
12 your start date from the time the Corps
13 of Engineers would permit you. What
14 again is your time line from the time of
15 permitting until the time of opening of a
16 temporary facility?

17 MR. BOUGHNER: Sir, we've analyzed
18 this and come up with three fours. The
19 first four, four months after the
20 issuance of a permit by the Corps of
21 Engineers we will have our temporary
22 facility opening. Four months after the
23 opening of the temporary facility we will

1 open our permanent facility. And four
2 months after the opening of the permanent
3 facility we will bring our permanent boat
4 on line.

5 MR. KLINEMAN: You have not had
6 discussions with the City of Lawrenceburg
7 about their proposed temporary site for
8 Walnut Street; is that correct?

9 MR. BOUGHNER: Alex Mooring, could
10 you address that?

11 MR. MOORING: Alex Mooring, Boyd
12 Gaming. Yes, we have. We have had very
13 detailed, involved negotiations with the
14 city, and, frankly, Boyd Gaming came to
15 the conclusion that we felt there were
16 too many problems to overcome with the
17 temporary site facility downtown at
18 Walnut Street in terms of the gaming
19 experience, lack of parking and
20 shuttling, and the servicing of the
21 facility.

22 And since we felt we could be in
23 business, even going with the city's

1 optimistic representation of having it
2 available in December, we could actually
3 be in business two to three months after
4 that on our permanent facility.

5 MR. BOUGHNER: This is Bob Boughner
6 again. What I might add is that that was
7 not a quick discussion. We did spend a
8 lot of time discussing that internally,
9 and we thought that for the long-term
10 benefit of this particular market that
11 the experience that patrons would receive
12 and the temporary location in the
13 downtown area would be an experience
14 filled with a tremendous amount of
15 aggravation and could actually hurt the
16 potential in the long-term.

17 MR. VOWELS: You talked about a
18 couple boats being built in Louisiana.
19 How many boats do you all have now?

20 MR. BOUGHNER: We own two boats and
21 we operate a third.

22 MR. VOWELS: And where are those
23 boats operated?

1 MR. BOUGHNER: We operate one boat
2 in Kenner, Louisiana, the Treasure Chest
3 Casino, and we have two other boats, one
4 which is on its way -- it's in St. Louis
5 right now, and it's on its way for our
6 Kansas City operation which will open
7 later this summer. And then the third
8 boat we're speaking of is the boat we
9 have designated as the Lawrenceburg
10 temporary boat.

11 MR. VOWELS: And you went through a
12 licensing process in Louisiana I would
13 assume?

14 MR. BOUGHNER: Yes, sir, that is
15 correct.

16 MR. VOWELS: Was there any
17 discussion at that time that the boat for
18 Louisiana would be built in Louisiana?

19 MR. BOUGHNER: I don't recall, to
20 be honest with you, whether or not that
21 conversation took place or not. I don't
22 recall whether that's mandated in the
23 Louisiana statutes or not.

1 MR. SUNDWICK: Did it make sense to
2 build a boat down there since you were
3 going to put the boat down there?

4 MR. BOUGHNER: Yes, sir, it did.

5 MR. VOWELS: Would it make sense to
6 you to build a boat at Jeffboat if you
7 were going to put it in Lawrenceburg?

8 MR. BOUGHNER: It would make a lot
9 of sense.

10 MR. VOWELS: And that would also
11 impact positively on the State of Indiana
12 as far as jobs and income to Indiana
13 workers and revenues in reference to
14 local and state taxes, wouldn't it?

15 MR. BOUGHNER: No question, sir.

16 MR. VOWELS: In reference to the
17 temporary boat let me make sure I
18 understand the figures because Mr. Thar
19 said there had been some amendments
20 here. The temporary boat would hold
21 1,650 patrons; is that correct?

22 MR. BOUGHNER: That is correct,
23 sir.

1 MR. VOWELS: I thought I saw 1,350
2 gaming positions.

3 MR. BOUGHNER: Yes, sir.

4 MR. VOWELS: So there would be --
5 if it was full of patrons there would be
6 300 people who wouldn't be able to gamble
7 if there was only 1,350 positions; is
8 that right?

9 MR. BOUGHNER: That is correct in
10 that particular analysis, sir.

11 MR. VOWELS: Other than that
12 seeming not to make sense --

13 MR. BOUGHNER: The boat is rated
14 for a maximum of 1,600 some odd patrons,
15 and typically you get a higher rating for
16 those boats than you would actually have
17 gaming positions in place. For example,
18 at our Treasure Chest boat in Kenner,
19 Louisiana, we've got about a couple
20 hundred capacity cushion there as well.

21 MR. VOWELS: Have there been times
22 when there are more people on the boats
23 than places to gamble?

1 MR. BOUGHNER: I don't recall that
2 being the case. There's always a certain
3 degree of circulation particularly
4 amongst the slot players.

5 MR. VOWELS: In reference to the
6 marketing of the total revenue did the
7 numbers change from what we have here? I
8 mean, I show in the first year less than
9 -- well, throughout all years less than
10 two percent of total revenues being spent
11 on marketing. Has that changed?

12 MR. BOUGHNER: We have not amended
13 any of our financial projections at all,
14 and if I may tell you how we calculate
15 and analyze our marketing expenditures,
16 there are several components of
17 marketing, and I think this morning you
18 saw representations of that which would
19 include complimentary expenses, you would
20 see entertainment, you would see direct
21 advertising and marketing programs, you
22 would see promotional programs and so
23 on.

1 What we look at is the primary
2 driver of our marketing dollars we
3 compare to gaming expenditures rather
4 than total revenues because oftentimes
5 the prices charged for other amenities
6 are not necessarily at their fair market
7 value.

8 So when you look at gaming revenues
9 compared to total marketing expenditures
10 it comes in somewhere between six and
11 seven percent, and we have a history of
12 making very good commitments with respect
13 to our marketing not only in terms of
14 expenditures but also the quality of the
15 materials themselves.

16 MR. VOWELS: So if we were
17 comparing apples with apples instead of
18 this 1.8 percent and 1.7 and on down to
19 1.5 percent we're looking at actual
20 numbers?

21 MR. BOUGHNER: I believe the actual
22 calculations in the early years is 6.2 or
23 something to that effect, and then that

1 moves to a high of seven percent.

2 MR. VOWELS: My understanding from
3 reading the materials is that the
4 successful applicant in Lawrenceburg will
5 have to reimburse the unsuccessful
6 applicants \$50,000 each; is that
7 correct?

8 MR. BOUGHNER: That is my
9 understanding.

10 MR. VOWELS: Is that factored in
11 with the numbers that we've heard?

12 MR. BOUGHNER: Yes. That is part
13 of our development agreement, and we are
14 prepared to do that.

15 MR. VOWELS: And there's another
16 amount the endorsed applicants had to put
17 up, \$633,000; is that correct?

18 MR. BOUGHNER: I don't recall.
19 Yes.

20 MR. VOWELS: That's the number I
21 have here.

22 MR. BOUGHNER: I'm advised that is
23 correct.

1 two a total of what, one and a quarter
2 million?

3 MR. MOORING: About a million three
4 as well as the \$50,000, yes.

5 MR. VOWELS: And that number is
6 also factored in?

7 MR. MOORING: Those are in our soft
8 costs, yes, sir.

9 MR. VOWELS: And in reference to
10 that endorsement it's my understanding in
11 June of 1994 the city council of
12 Lawrenceburg endorsed you along with two
13 other applicants; is that correct?

14 MR. MOORING: That is correct,
15 sir.

16 MR. VOWELS: And then there was a
17 letter sent to Jack Thar in July of 1994
18 from Mayor Combs that endorsed one single
19 applicant of those three. If, in fact,
20 you would receive this license could you
21 describe what the relationship would be
22 with the city? It would seem to me when
23 we have other applicants it's a shotgun

1 wedding, and we need to know if you're
2 going to fall in love or if you're going
3 to have problems.

4 MR. MOORING: I'll just relate my
5 last 19 months experience in
6 Lawrenceburg, and we've had hundreds of
7 meetings with the city and with the
8 council and with the various consultants,
9 and our relationship I would characterize
10 as being exceptional.

11 I consider them friends, quite
12 frankly, and I do not think we'd have any
13 problem working with them. My only
14 concern when I saw that letter, it didn't
15 bother me that much, I just hoped it
16 didn't damage the credibility of the
17 process.

18 MR. VOWELS: Another question,
19 there was a number of questions about \$31
20 million in unrestricted grants in
21 Lawrenceburg. Is that over a period of
22 time?

23 MR. MOORING: Yes. That 31 million

1 is over five years. There is \$10 million
2 initially and then \$21 million which Mr.
3 Thar has not factored in in the costs
4 that is played out over the initial five
5 years.

6 MR. VOWELS: The key word is
7 unrestricted.

8 MR. MOORING: That is correct.

9 MR. VOWELS: You just write a check
10 and say Here you go?

11 MR. MOORING: We would write a
12 check to the City of Lawrenceburg, and
13 hopefully they would use it for things
14 that would be beneficial to all the
15 citizens of Lawrenceburg.

16 MR. VOWELS: So there's no
17 restrictions whatsoever?

18 MR. MOORING: That's correct.

19 MR. VOWELS: I didn't ask this
20 earlier, and I probably should have.
21 During the endorsement process you were
22 endorsed by the city council. In
23 reference to any city officials' spouses

1 or children have there been any promises
2 made with respect to --

3 MR. MOORING: Categorically none
4 and that is not the Boyd style of doing
5 anything.

6 MR. VOWELS: I don't have any other
7 questions.

8 MR. SUNDWICK: There's a Thomas
9 Hammer. Are you familiar with who that
10 is?

11 MR. BOUGHNER: The name's Thomas
12 Hammer?

13 MR. SUNDWICK: Right. Resort
14 gambling consultant in Las Vegas.

15 MR. BOUGHNER: I am unfamiliar with
16 that name.

17 MR. SUNDWICK: The city employed
18 this organization to evaluate each one of
19 the applicants as far as site and
20 programs of suitability, etc. We show
21 that the least favorable of all the
22 applicants as far as yours was site. Are
23 you aware of that?

1 MR. BOUGHNER: I'm not aware of
2 that myself but, Alex.

3 MR. MOORING: Alex Mooring. Yes,
4 we were aware of that. There were a
5 whole series of consultants that
6 evaluated different things. We think
7 that Mr. Hammer's recommendation was
8 based predominantly on what he felt was a
9 traffic consideration, and, frankly, he
10 chose not to accept our studies that were
11 done.

12 MR. SUNDWICK: So you're convinced
13 that the site is traffic?

14 MR. MOORING: Yes. We were very
15 comfortable. We would not be investing
16 that kind of money if we didn't think --

17 MR. SUNDWICK: I mean, that's how
18 you got this least favorable rating is
19 because of traffic?

20 MR. MOORING: That was my
21 understanding. Perhaps the city could
22 comment on that.

23 MR. KLINEMAN: Before we go forward

1 is it the wish of the Commission that we
2 recess for a few minutes? We've been
3 going for an hour. Why don't we proceed
4 with the answer from the city and take a
5 quick recess.

6 MR. SHERIDAN: Jeff Sheridan with
7 the City of Lawrenceburg.

8 MR. KLINEMAN: Would you speak up a
9 little bit.

10 MR. SHERIDAN: Jeff Sheridan with
11 the City of Lawrenceburg. Would you
12 please repeat the question?

13 MR. SUNDWICK: The city had an
14 evaluation of each one of the candidates
15 for this license as far as suitability of
16 site selection, incentives, etc. Boyd
17 Gaming came out under that scenario least
18 favorable was their site. My question
19 was in regards to what? I mean, they
20 assumed it's traffic.

21 MR. SHERIDAN: I believe that's
22 primarily correct. Mr. Hammer was a
23 resort gaming consultant, and certainly

1 access is a major factor in any
2 destination resort.

3 MR. SUNDWICK: So it's traffic in
4 your opinion?

5 MR. SHERIDAN: I believe that's the
6 primary reason.

7 MR. SUNDWICK: Also in his
8 evaluation they received considerably
9 less points in his scaling than some
10 other candidates. Would that also --
11 would you know about that? Would the
12 points be the same thing, traffic?

13 MR. SHERIDAN: I'd want to look
14 back at the report again, and I wouldn't
15 presume to speak for Mr. Hammer, but I'd
16 be willing to review the report and get
17 back to you.

18 MR. SUNDWICK: That would be
19 super. Thank you.

20 MR. KLINEMAN: Can we take our five
21 minutes now.

22 (At this time a short break in the
23 proceedings was had.)

1 MR. KLINEMAN: If we could come
2 back to order. Just to kick off the
3 questioning again the four, four, four
4 program that you were talking about, the
5 second four was permanent facilities.
6 Could you outline what kind of permanent
7 facilities you're talking about? I don't
8 think you're talking about the hotel and
9 everything, are you?

10 MR. BOUGHNER: Yes, sir. For the
11 record Bob Boughner. The question deals
12 with I guess the second quadrant. What
13 we're saying essentially is that the
14 permanent facilities which would include
15 our 300-room hotel, all of the food and
16 beverage facilities, and the
17 entertainment facilities that we outlined
18 would be included in the permanent
19 facility opening which essentially
20 happens eight months after the initial
21 opening.

22 MR. KLINEMAN: Should we check with
23 the city engineer from Lawrenceburg to

1 see if he believes that schedule?

2 MR. BOUGHNER: We're, of course,
3 happy to do that.

4 MR. KLINEMAN: I'm just kidding.

5 MR. BOUGHNER: But I can tell you
6 based on past experiences in
7 jurisdictions similar and asimilar to
8 Lawrenceburg it's been said about our
9 business that there's three kinds of
10 construction. There's regular
11 construction, there's fast track
12 construction, and then there's casino
13 construction.

14 And we know how to build these
15 facilities very quickly, and we've
16 retained the best, in our view, general
17 contractor in the state. They're 40 in
18 the nation, number one in this state,
19 and, as a matter of fact, were the
20 construction manager on this facility
21 that we're presently seated in today.

22 MR. KLINEMAN: Jack.

23 MR. THAR: Different topic. What

1 is your percentage ownership in Treasure
2 Chest LLC?

3 MR. BOUGHNER: We own 15 percent of
4 Treasure Chest LLC.

5 MR. THAR: And is it Robert
6 Gidrey?

7 MR. BOUGHNER: Robert J. Gidrey, he
8 owns approximately 64 percent.

9 MR. THAR: How did Boyd Gaming get
10 involved with Robert Gidrey?

11 MR. BOUGHNER: I'd like Ellis
12 Landau to address that question.

13 MR. LANDAU: Mr. Gidrey is a local
14 businessman in that area and applied for
15 one of the preliminary licenses, and at
16 such time he inquired of several casino
17 companies as to who would be interested
18 in managing a property and possibly
19 partly owning a property for him. And a
20 call came into us unsolicited, and we met
21 with him and indicated an interest.

22 Subsequently he was granted the
23 preliminary license, one of 15 that was

1 awarded in Louisiana, and we then entered
2 into substantive negotiations, and the
3 conclusion of that was a management
4 agreement and an agreement to buy 15
5 percent of the project. And at the time
6 of permanent licensing, the final
7 licensing, we were licensed together with
8 Treasure Chest LLC, and shortly after
9 that we opened.

10 MR. THAR: So Mr. Gidrey had other
11 licenses issued by the State of Louisiana
12 aside from the one that's at Treasure
13 Chest?

14 MR. LANDAU: He does not have a
15 riverboat operation. He did I believe
16 have operations for slot machines that
17 were in -- video poker, excuse me. Video
18 poker is the proper reference in certain
19 restaurants and bars in Louisiana.

20 MR. THAR: And was that the license
21 called into question by the Louisiana
22 State Police?

23 MR. LANDAU: Yes, it was. I

1 believe there were issues there, and
2 those licenses -- I don't believe he's in
3 that business anymore, but there were
4 issues that came up before the licensing
5 of Treasure Chest.

6 MR. THAR: It's my understanding
7 that he still is in that business. It
8 was his association with the business,
9 and it's a business unrelated to Treasure
10 Chest, and he was required to
11 disassociate himself from the video poker
12 license. Which way is it?

13 MR. BOUGHNER: Bob Boughner for the
14 record. It is our understanding Mr.
15 Gidrey is still in the video poker
16 business. There were some issues raised
17 with Mr. Gidrey's association with
18 another individual who I recall was the
19 last name of Corasey, and Mr. Gidrey and
20 his business were completely vindicated,
21 and there was no subsequent action taken
22 by the State Police.

23 I would add that the Treasure Chest

1 license hearings were actually delayed
2 until such time as the State Police
3 resolved this matter with Mr. Gidrey with
4 respect to his company which is known as
5 A.A. Ace Video.

6 MR. THAR: It's my understanding
7 Corasey was ordered to disinvolve himself
8 with that license; is that true?

9 MR. BOUGHNER: That's my
10 understanding as well.

11 MR. THAR: Are you saying then that
12 Boyd did not pick Mr. Gidrey; Mr. Gidrey
13 picked Boyd after quite a few companies
14 solicited him to be involved in one of
15 his preliminary licenses?

16 MR. BOUGHNER: Sir, we received an
17 unsolicited call from one of Mr. Gidrey's
18 representatives, a gentleman by the name
19 of Steve Sorgenfrey who works for Mr.
20 Gidrey, and Mr. Sorgenfrey, as we
21 understand it, contacted several other
22 companies including Hilton, the Promise
23 Companies, and those are the only two

1 others that I know of.

2 And it was represented to us that
3 Mr. Gidrey had substantive negotiations
4 with Hilton for a period of time, and
5 then those discussions ended, and we were
6 ultimately successful in reaching an
7 agreement with him to purchase an equity
8 interest of 15 percent and to obtain a
9 management contract for the property.

10 MR. THAR: Is Mr. Gidrey to have
11 any interest in the Indiana license for
12 which you are applying, directly or
13 indirectly in any way?

14 MR. BOUGHNER: No, sir.

15 MR. THAR: Can you explain for us
16 the investigation that's going on in
17 Missouri?

18 MR. BOUGHNER: With regard to
19 Missouri I think for questions about that
20 Bill Boyd and Brian Larson.

21 MR. BOYD: For the details I'd like
22 Brian Larson to answer that question.

23 MR. LARSON: Brian Larson for the

1 record. There has been an ongoing
2 investigation by the Attorney General in
3 Missouri and also by the federal
4 authorities with respect to Robert F.
5 Griffin, the current speaker of the
6 House. Those investigations have been
7 going on since July of 1994.

8 In connection with the
9 investigations which included the gaming
10 industry, the healthcare industry, the
11 labor industry, and several other matters
12 that Robert F. Griffin was involved with
13 the gaming authorities have had
14 discussions with us, and we have given
15 them information throughout and
16 cooperated fully with the authorities.

17 I believe that Mr. Thar has a copy
18 of a letter from the Attorney General's
19 Office which indicates that we are stated
20 as witnesses in that action, and he also
21 has a similar letter from the federal
22 authorities to the same conclusion.

23 MR. THAR: Is that the present

1 status of the case as represented in the
2 two letters that you just referred to?

3 MR. LARSON: Yes. We've continued
4 to cooperate fully with them. There have
5 been misdemeanor charges filed against
6 our former law firm and one of the
7 partners in that law firm, but there have
8 been no charges filed against Boyd
9 Gaming, and we are still listed as
10 witnesses only by both authorities.

11 MR. THAR: Thank you. Different
12 topic but also on Missouri, our report
13 indicates that you have also obtained the
14 endorsement from Cape Girardeau,
15 Missouri, for a boat. How is that to be
16 financed? Are you going to go ahead with
17 that project?

18 MR. BOUGHNER: Thank you, Brian.
19 Bob Boughner for the record. The process
20 in Missouri is somewhat different than
21 the process here in Indiana. First of
22 all, there is a statutory number of
23 licenses here in Indiana whereas there is

1 no statutory maximum in the State of
2 Missouri. They do have a process whereby
3 cities can go forward and designate a
4 designated developer which the City of
5 Cape Girardeau did designate Boyd as a
6 developer.

7 During the last several months as
8 we've been in communication with the city
9 and in negotiation with the city on a
10 development agreement we came to
11 understand that the Gaming Commission was
12 concerned about competition in the
13 southeastern part of the state, more
14 specifically that there was a boat about
15 to open in Caruthersville.

16 And the Gaming Commission was,
17 again, concerned about competitive
18 forces, and we came to understand that
19 they would like to give boats an
20 opportunity to become successful. When
21 we learned of that information we
22 reassessed our position there and made
23 the judgment that we would not file for

1 licensing until such time as we felt that
2 the Gaming Commission in Missouri would
3 process our application for Cape
4 Girardeau.

5 The boat that I am speaking of in
6 Caruthersville is operated by Aztar.
7 It's not our belief nor our understanding
8 that the Gaming Commission wants to
9 protect operations for an extended period
10 of time, and we're hopeful that at a
11 future date, which we believe will be
12 sometime next year, that hiatus period,
13 if you will, will expire, and then we'll
14 have the opportunity to pursue a project
15 in Cape Girardeau.

16 MR. THAR: Now, the question was
17 how do you intend to finance that boat?

18 MR. BOUGHNER: I'm sorry. I gave
19 you a lot more than you asked for.

20 MR. THAR: You didn't give me
21 anything I asked for. I'm sorry. That
22 was glib.

23 MR. BOUGHNER: That's okay.

1 MR. LANDAU: This is Ellis Landau.
2 Our company has very good cash flows.
3 Let me point out that after our debt
4 service and tax payments we expect to
5 have about \$80 million per year free cash
6 flow to reinvest in our business.

7 That is for maintaining and
8 expanding our properties or building new
9 properties, and we have excellent access
10 to capital through capitalizing and other
11 public financing. If we take on another
12 project in Cape Girardeau or elsewhere we
13 will do it only when the proper financing
14 is secured or allocated out of our free
15 cash flow from our operations.

16 MR. THAR: Does the financing for
17 the Lawrenceburg project in any way,
18 shape, or form depend upon going forward
19 or not going forward with Cape
20 Girardeau?

21 MR. LANDAU: No, it does not. It
22 is totally unrelated to this project.
23 This project is fully funded.

1 MR. THAR: How about Kansas City?

2 MR. LANDAU: Kansas City is funded
3 totally separately, and there is no
4 relationship between the financing for
5 Lawrenceburg and any other project. It
6 is a stand-alone, and the \$50 million
7 plus the bank commitment and the
8 commitment from the slot supplier are
9 unconditional.

10 MR. THAR: Is there any
11 relationship on the cost of the debt for
12 Lawrenceburg to either Kansas City or
13 Cape Girardeau?

14 MR. LANDAU: No, there is not. The
15 cost of the debt is related to the
16 earnings from the Lawrenceburg project by
17 itself.

18 MR. THAR: Thank you.

19 MR. VOWELS: I have a question. If
20 I was to state to you that the ratio of
21 liability to net worth within the
22 industry was a figure of 137.2 percent
23 could you tell me what your company's

1 ratio of liabilities and net worth would
2 be, better or worse?

3 MR. LANDAU: Our debt to --

4 MR. VOWELS: Liabilities to net
5 worth.

6 MR. LANDAU: Total liabilities, I'm
7 more familiar with the funded debt.
8 There are also current liabilities, but I
9 don't know if that's in your
10 calculation. The funded debt to net
11 worth of our company is three times -- we
12 have three times the debt that we have to
13 book net worth in our latest statement.

14 MR. VOWELS: So 300 percent?

15 MR. LANDAU: Three times which
16 would be 200 percent more -- or 300
17 percent, three times more. Our net worth
18 -- book net worth is \$190 million, and
19 our latest recorded debt is \$556
20 million.

21 MR. VOWELS: So that would be
22 higher than the industry average,
23 correct?

1 MR. LANDAU: I can't quote your
2 number for the industry average. Our
3 number would be higher than that. Let me
4 point out though that that is a ratio of
5 liabilities to book net worth. Our book
6 net worth is, as I mentioned, \$190
7 million.

8 We recently -- we have not sold a
9 lot of stock in our company's history and
10 therefore have not built up high book net
11 worth. Let me point out our marketing
12 net worth on the stock market is \$850
13 million which would give us 60 percent
14 equity and 40 percent debt using a market
15 number.

16 We're very comfortable with that
17 level of debt even though the ratio that
18 you pointed out is lower. It's a very
19 acceptable level of debt as recommended
20 by the credit agencies and all of the
21 lenders who have been willing to support
22 our financing projects.

23 MR. VOWELS: The 137.2 percent, you

1 disagree with that figure?

2 MR. LANDAU: No. I don't disagree
3 with it. I'm not familiar with it, but I
4 don't disagree with your numbers.

5 MR. VOWELS: Reviewing lawsuits,
6 and I understand as far as slip and falls
7 we're not really concerned with those
8 types of things, but the California Hotel
9 and Casino, which is a subsidiary, seems
10 to have problems or at least allegations
11 of problems with security officers, four
12 pending matters, at least a couple of
13 them alleging battery, false arrest.

14 Let me throw that out and let you
15 address that. I would assume your
16 position is there's no merit to it and
17 you'll win at trial and all that stuff,
18 but go ahead. I just have those in front
19 of me, and I want you to respond to those
20 if that is a concern if security officers
21 have a heavy hand within your
22 organization and how you keep tabs on
23 them, how they're hired, what authority

1 they have on the boat, if you'll answer
2 that, please.

3 MR. BOUGHNER: Sure. With respect
4 to our security operations we have a lot
5 of confidence in our security
6 operations. We do not operate police
7 forces; we operate security operations,
8 and our mode, our objective is to ensure
9 the safety of all of our customers. On
10 occasion there are customers who choose
11 to jeopardize the safety of other
12 customers.

13 MR. VOWELS: Do you have a brig or
14 someplace? Where do you put these
15 people?

16 MR. BOUGHNER: No, sir, we do not.
17 In a riverboat we obviously are required
18 to have a detention room is what it's
19 called, and our security officers are
20 empowered with certain levels of
21 authority of detention in the event
22 they're putting the safety and well-being
23 of other guests -- that they're damaging

1 the safety and well-being of other
2 guests.

3 Casinos in some instances are
4 viewed by potential plaintiffs as, shall
5 we say, as an opportunity to reap some
6 financial benefit, but I can tell you
7 that we have excellent training
8 procedures in place. We offer not only
9 physical testing but also on an ongoing
10 basis other qualification type testing
11 for our security officers.

12 We employ a wide variety of
13 individuals in those jobs. Some of them
14 in some cases are former law enforcement
15 officers, some are paramedics. We are
16 very proud of the security operations
17 that we have, and we don't believe in any
18 case, any of the pending lawsuits that
19 are pending against the company, that we
20 have any liability.

21 MR. VOWELS: I guess my question
22 would be, you know, looking through here
23 at all the subsidiaries that Boyd owns it

1 would seem strange that California Hotels
2 would be the only one that has these
3 allegations against them.

4 MR. BOUGHNER: Sir, perhaps the
5 answer to that question is that the
6 California Hotel actually does business
7 as six operations in the State of
8 Nevada.

9 California Hotel and Casino is a
10 corporation that's a subsidiary of Boyd
11 Gaming, but it actually owns all of the
12 operations in Las Vegas, the California
13 Hotel, the Fremont Hotel, Sam's Town
14 Hotel and Gambling Hall, and through
15 another subsidiary owns the Star Dust
16 Hotel and the Fremont Hotel, and through
17 another sub owns the Eldorado and the
18 Jokers Wild.

19 So in most instances if there was
20 pending litigation it would be filed
21 against the California Hotel, not
22 necessarily unique to that operation.

23 MR. VOWELS: How do you go about

1 hiring security officers? I would assume
2 you have one person who is head of
3 security. Do you bring that person in
4 from other operations, or would you hire
5 that locally, or do you have any
6 thoughts? And what sort of pay scale are
7 we talking about for the person at the
8 top and the other guys?

9 MR. BOUGHNER: Sure. With respect
10 to security I can tell you what we've
11 done, and we would duplicate basically
12 those same procedures in Lawrenceburg and
13 here in Indiana. We don't have a
14 corporate security, if you will. What we
15 do is primarily we hire and recruit for
16 very well qualified chiefs to run the
17 individual operation.

18 We provide training for them in Las
19 Vegas not only in terms of generally good
20 security procedures but those procedures
21 that are unique to the gaming industry.
22 And in addition to that we acquaint them
23 with the policies and procedures of the

1 company.

2 At that point in time then when we
3 actually establish our recruiting
4 operations here we would take
5 applications. Those applications would
6 be reviewed by our security chief and
7 other individuals in senior management
8 positions at the property, interviews
9 would be held, and ultimately we would
10 pick the best from those applicants.

11 With respect to their compensation
12 our security officers are compensated
13 very well, certainly relative by industry
14 standards with hourly rates for the
15 hourly workers anywhere from, you know,
16 \$10 up to \$13 or \$14 per hour, and then
17 there are certain supervisory and
18 management positions that go
19 substantially higher from there. We also
20 compensate our paramedics at a rate
21 that's premium to the officers who do not
22 have the paramedic background.

23 MR. VOWELS: How many security

1 people would we expect on a boat that
2 would be employed by Boyd?

3 MR. BOUGHNER: I don't have that
4 figure specifically in terms of the
5 number of security officers, but we would
6 station officers not only on the boat but
7 also on the land-based facility as well.
8 I would tell you that it would certainly
9 be very adequate.

10 MR. VOWELS: Are they armed? How
11 do they handle situations?

12 MR. BOUGHNER: Generally speaking
13 our policy has been that there are no
14 armed security on the boat, inside the
15 boat. However, the individuals that do
16 patrol usually on bicycles in the parking
17 areas, we have taken the step to arm
18 those officers.

19 We felt that put them at somewhat
20 of a disadvantage. They would, of
21 course, attend sharp shooting schools and
22 marksmanship tests on a periodic basis
23 any time somebody's carrying a firearm to

1 make sure that they're properly
2 schooled.

3 MR. VOWELS: I don't have any other
4 questions.

5 MR. MILCAREK: I'd like to ask a
6 question about the site once again. In
7 our analysis, being an isolated site
8 you've proposed to establish a trolley to
9 the central business district, and city
10 officials have serious reservations about
11 whether it would be utilized, and do you
12 still intend to use that trolley? And
13 maybe you could address the city's
14 concerns.

15 MR. BOUGHNER: I'd like to have
16 Alex add his comments to that, but the
17 answer is yes, and we do believe it would
18 be utilized. We have experience with
19 trolleys in other areas, and we have seen
20 some utilization.

21 Our biggest concern with respect to
22 the downtown area would be that in a
23 project of this size and this magnitude

1 essentially in a bedroom community we
2 think it would overpower the downtown.

3 By positioning our project in the
4 location that we have positioned it it
5 creates what we believe is a development
6 corridor between the downtown and our
7 site, and we're not in the process of
8 damaging in any way the bedroom community
9 nor are we overpowering the businesses
10 that are in that area. Alex, if you want
11 to add any other comments about the
12 trolley.

13 MR. MOORING: Alex Mooring. One
14 thing that's changed, we actually were
15 planning on using right-of-way on the
16 second railroad access which subsequent
17 in the time delays that we have
18 experienced in this process all that
19 right-of-way has now been deeded back to
20 individual people so we don't have that
21 ability. So we have actually converted
22 our process from a rail trolley to a
23 motorized vehicle, or mileage trolley if

1 you will, to provide the linkage to
2 downtown.

3 MR. MILCAREK: The city had concern
4 that it would be utilized. I would think
5 that they would possibly be thinking that
6 once they left the establishment they
7 would just bypass the city, they would
8 just leave, they wouldn't stop at the
9 city at all. Do you have any comment on
10 that?

11 MR. BOUGHNER: Alex can probably
12 comment as well. The one comment that I
13 would make with respect to that is that
14 it takes product, and right now there is
15 no product of any magnitude at all in the
16 downtown business corridor.

17 We believe that once gaming is
18 developed in Lawrenceburg that you will
19 see that type of product going into the
20 marketplace then the need for the shuttle
21 that we talked about will be there, and
22 that's something we intend to provide.

23 MR. THAR: I have one last item.

1 This is not a question. It's just simply
2 a clean-up for our record here. Page 22
3 of what will eventually be released as
4 the public report, it shows that one of
5 the proposed public minority and local
6 investors as a Franklin I. Miroff, an
7 attorney here in Indianapolis, Indiana,
8 who practices with the firm of Miroff,
9 Cross, Ruppert & Klineman.

10 And I think the record should
11 reflect that the Klineman is, in fact,
12 the brother of Chairman Alan Klineman.
13 That has been disclosed. In addition to
14 Alan's brother Alan's nephew also works
15 for that firm.

16 That firm is not a firm in which
17 Mr. Klineman of that firm relies on Mr.
18 Miroff at all for any income. It's
19 what's known as a share office space
20 arrangement. Neither Mr. Klineman,
21 Alan's brother -- I forgot his name.

22 MR. KLINEMAN: Jim.

23 MR. THAR: Neither Jim nor his son --

1 MR. KLINEMAN: Steven.

2 MR. THAR: -- Steven, rely at all
3 on Mr. Miroff for any income.
4 Consequently it's been determined and the
5 staff in looking at this has established
6 there is no conflict with Mr. Alan
7 Klineman as the chairman looking at Boyd
8 Gaming. Does Boyd Gaming have any
9 problem with that with regard to the
10 local investor issue?

11 MR. BOUGHNER: The answer is no.

12 MR. KLINEMAN: There was some
13 mention about a noncompete, and I just
14 wanted to find out what we were talking
15 about. I heard five years. Is there a
16 mileage circumference that we're talking
17 about?

18 And since I see Mr. Neilsen still
19 in the room I forgot to ask that question
20 to you people, and if maybe you could
21 respond sometime soon about whether or
22 not you're willing to enter into a
23 noncompete should you be granted a

1 license in Lawrenceburg and, if so, at
2 what radius and for what time.

3 MR. NEILSEN: We'll respond to
4 that.

5 MR. BOYD: Do you want us to
6 respond to that presently or sometime
7 soon?

8 MR. KLINEMAN: Well, you kind of
9 brought the issue up which I had
10 previously been asking about and forgot
11 it this morning.

12 MR. BOYD: Sure.

13 MR. KLINEMAN: If you feel more
14 comfortable supplying it in a couple days
15 that's fine. If you want to answer it
16 now go ahead.

17 MR. BOYD: What I had said in my
18 presentation was that for a five year
19 period that we would agree not to compete
20 in a 150 mile radius for five years, and
21 we would certainly be pleased to make
22 that covenant.

23 MR. KLINEMAN: Okay. The 150, is

1 that one of the circumferences that you
2 used on your possible drawing area?

3 MR. BOYD: Yes, that would be.

4 MR. KLINEMAN: That would obviously
5 include Indianapolis, probably includes
6 Lexington and Columbus also and
7 Cincinnati obviously.

8 MR. BOYD: Yes.

9 MR. KLINEMAN: Okay. Just so I
10 understood five years and 150 miles.
11 Anybody else have any other questions?
12 I'm not in a position to negotiate
13 noncompetes with people. I just want to
14 know what their thinking is.

15 Anybody have anything else? If not
16 I thank you, Mr. Boyd. It's been a very
17 enlightening presentation. I thank you
18 for being well prepared and really
19 finishing on time. Thank you.

20

21 (At this time the proceedings were
22 adjourned.)

23

STATE OF INDIANA)
) SS:
COUNTY OF MARION)

I, Maria W. Collier, Stenographic Reporter within and for the County of Marion, State of Indiana, do hereby certify that on the 19th day of June, 1995, I reported the foregoing Public Meeting; and that the transcript is a full, true and correct transcript made from my stenograph notes.

Maria W. Collier

Maria W. Collier,
Residing in Marion County,
Indiana

My Commission Expires:

August 25, 1995