

1
2 INDIANA GAMING COMMISSION

3 REGULAR MEETING

4 8:15 A.M., May 7, 1996

5 Indian Creek Theatre
6 Corydon, IN 47112

7 EXECUTIVE SESSION

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

14 Call to Order, Roll Call, and Announcements

15 Chairman Alan Klineman called the meeting to order at
16 approximately 8:20 A.M., noting that a quorum was
17 present. All commissioners were in attendance.

18 Approval of the Minutes

19 On motion by Bob Swan, second by Robert Sundwick, the
20 minutes of the April 17, 1996 meeting were unanimously
21 approved.

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The next item is the report of Mr. Thar, our executive director.

MR. THAR: Thank you. I'll try to go through it kind of quickly. In terms of litigation, we were sued last Thursday by some named plaintiffs in the City of Gary. We along with the Trump organization and Barden organization. The Complaint alleges in part or in summary that both of the developers failed to hire along the lines that they had promised. Further, alleges that they have failed to include the percentage of local investors, which they had promised. We are included as a defendant in that lawsuit. We have not yet been served. From what we have seen of the zerox, and the zerox of the Complaint were unable to describe what cause of action may be alleged against the Commission, although the remedy that has been asked is that we be restrained from issuing a license to either of those two developers. Issues have been raised that there could be potential litigation with regard to the City of Hammond and the Empress Riverboat Casino at that location, and the

1 issue on that is whether or not there is land on
2 the area that has been developed as the docking and
3 land base facility site, commonly referred to as
4 the Peninsula that has the port authority and the
5 water company equipment on it, is whether or not
6 part of that land had not been eased over to Hammond
7 through a land patent procedure. We will get to
8 that later on in this report as well as the certifi-
9 cate of suitability approval for the Empress Casino
10 in Hammond.

11 With regard to potential boat openings this past
12 Monday, the employees of Boyd and Trump were started
13 processing of them, new license. Started up in Gary,
14 Indiana. Both of those boats are targeted to open
15 the week of June 3rd or June 10th, and I think
16 month the present Commission schedule, will probably
17 begin that procedure June 3rd. The processing of
18 their electronic gaming devices should begin next
19 Monday, May 13, and we are awaiting delivery of some
20 of the machines to that area now. The Trump boat
21 has been present in Gary for approximately five days.

1 The Barden boat is anticipated to be there sometime
2 the later part of this week. In Hammond, the present
3 status of that opening is as follows: If they are
4 able to get a Corps permit by mid-May, they would
5 then be in a position to try to open as they have
6 indicated by July 4th of this year.

7 The overpass construction is ahead of schedule and
8 it is crossable. The garage and pavilion are getting if
9 not on schedule, close to being on schedule. The
10 boat is going to be docked at Burns Harbor. When it
11 was brought down until the dock is completed, the
12 dock cannot be completed until they get the Corps
13 permit.

14 With regard to whether certificate of suitability
15 issues arising from the Hyatt Organization at Rising
16 Sun has advised that they believe they are close
17 to getting a Corps permit. They hope to have that
18 permit by mid-May. If they do they can anticipate
19 an opening in the area of mid-August and if not by
20 then, hopefully no later than mid-September.

21 Lawrenceburg, there is not a whole lot new on that

1 front. Other than, you know, the Corps process is
2 still presently in suspension status. And they have
3 not yet brought or acknowledged anything publicly
4 about re-raising the financing due to that issue.
5 Progress is being made with the Michigan City certi-
6 ficate of suitability holder Indiana Blue Chip.
7 We've met with them on a couple of occasions. The
8 certificate of suitability would have been completed
9 by now had we not had these hearings. Should be
10 completed if not Friday by Monday. It has continually
11 stressed to that particular certificate of suitability
12 holder that the ninety-day requirement imposed by
13 the Commission means that there has to be substantial
14 compliance in certain areas within ninety days.
15 There is nothing new to report with regard to East
16 Chicago who is still anticipating opening no earlier
17 than December of '96, but certainly the first quarter
18 of '97. We're in the process of discussing with the
19 State Budget Agency as well as the State Personnel
20 Agency an increase in staffing. We presently have
21 one regional auditor and one what they call field

1 auditor. We want to increase that staff by nine.
2 So there will be eight field auditors, two supervisors
3 and then the person who heads that up in the regional
4 audit administrator.
5 We had a meeting with budgets and preliminary -- we
6 met with the state budget agency to work out prelimi-
7 nary details with regard to the budget that we will
8 be presenting to the legislature next January. And
9 those discussions primarily went along the lines of
10 continued budgetary approval to staff and to outfit
11 the state police people that will be functioning as
12 the gaming agents on the various boats. When they
13 will be brought on line as well as the increase in
14 staff in Corydon Gamingstaff. That would con-
15 clude my report.
16
17 ROBERT W. SUNDWICK: What is this that's going on
18 at Lawrenceburg? What's taking so long down there?
19 JACK THAR: There are a couple of things that have
20 happened with regard to Lawrenceburg. The first one
21 was while they got the certificate of suitability
June 30th, 1995, they did not have an Army Corps of

1 Engineers permit hearing until February of 1996 and
2 it's about as long as we have had one. From the
3 Army Corps of Engineer perspective, that was because
4 there was continual weekly, if not more often,
5 changes in permit application to be submitted by
6 Indiana Gaming Company. From Indiana Gaming Company's
7 perspective, they contend it was changes on the front
8 end, prevent delays on the back end, so that that
9 was not lost time. But the bottom line is that was
10 an unusually long time to have public hearings
11 compared to what the other applicants have been
12 experiencing. From the date of acquisition of
13 either the land for suitability. Secondly, as we
14 are aware, Argosy's attempt to raise twenty or
15 thirty-five million dollars in public market
16 creating the issuance of high yield bonds have
17 failed because of an investigation, a grand jury
18 investigation that was reported in the paper, con-
19 cerning the issuance of Lawrenceburg license. We
20 know that there are numerous groups investigating
21 that, the issuance of that license, including private

1 investigators on behalf of some bank institutions,
2 private investigators on behalf of certain partners
3 involved in Indiana Gaming Company LP, as well as
4 the one being conducted by the Marion County Grand
5 Jury. At this point in time, I am not aware of
6 whether or not this grand jury functioning out of
7 Dearborn County or Lawrenceburg; I'm only aware
8 that there's coordination between the Perry County
9 Prosecutor and the Dearborn County Prosecutor.
10 Certainly, the investigation for lack of raising
11 that particular amount of money and the Corps of
12 Engineer hold-up that has gone a long way to, I
13 suppose one could say "stalling" if not halting the
14 process down in Lawrenceburg. As of June 30th of
15 this year, this Commission will be facing the issue
16 as to whether or not that certificate of suitability
17 should be renewed. So, the Staff is willing to re-
18 quest of the Indiana Gaming Company any information
19 which it needs or at least that they will want in
20 order to make that determination.

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MR. SUNDWICK: When would you propose we have a meet-

1 ing and revisiting of their certificate?

2 MR. THAR: We have a pretty full schedule, so it
3 gets tight. We're going to -- right now the month
4 of -- their certificate expires June 30th. If we
5 hold to how we've handled things in the past we will
6 generally allow that continue, to continue at least
7 until we have a hearing on the issue. I think in
8 fairness that needs to be done. We have boat openings
9 in Gary the first part of June. Most likely boat
10 opening in Hammond the latter part of June, very
11 first part of July. Somewhere in between there we
12 also have to discuss, finish the Harrison County
13 issue. If the Commission decides to go that route.
14 So I would say that sometime near the end of June,
15 and maybe around the time the Hammond boat opening.

16 MR. SUNDWICK: Thank you.

17 MR. KLINEMAN: Any other questions? I just have a
18 couple of comments: First, from everything we have
19 heard we have been assured that the Commission is
20 not under investigation in connection with the grant-
21 ing the Lawrenceburg license, but those investigations

1 revolve around other parties and other issues, so I
2 just wanted to state that for the record. And none
3 of the Commissioners nor the Staff have been questioned
4 by any investigators in this new round of investi-
5 gation. Also, I wanted to say that in the history
6 of government I don't think there's been a group
7 that has worked as hard as our staff has, and we
8 have been understaffed continuously from the beginning
9 and I hope that we someday get adequate staffing for
10 the duties that have been placed upon this Commission.
11 When we go into our full regulatory mode we need a
12 lot of people because we're handling a lot of money
13 and we're responsible for seeing that the money is,
14 uh, we don't physically handle the money, but we're
15 handling the collection, I'll say that, of the
16 money and it's very important that we have adequately,
17 that we're adequately staffed and with trained people,
18 so I encourage our staff in their discussions with
19 the legislature and the budget agency and whom ever
20 has any responsibility that we staff up not for
21 immediate needs but that we staff up for anticipatory

1 needs and that either we spend a few months training
2 some people that will not be money ill spent. So,
3 get as many people as you can and please try to
4 convince the budget agency and the legislature that
5 this is an agency that is running lean and mean and
6 that when we ask for people we need them. So I
7 just wanted to say that for the record.

8 If there are no other questions of Mr. Thar..

9 Oh, in respect to Lawrenceburg, I think it's the
10 feeling of the Commission at this time, obviously
11 Mr. Sundwick and others, but that when we do get
12 to the question of renewal of the certificate of
13 suitability for Indiana Gaming, that we have a full
14 analysis of what's going on. We want the facts.
15 We will not be satisfied with our Corps permit that's
16 still pending. I mean we want to get down to the
17 nitty gritty, what are the problems, what's going on.
18 And we will probably be making a decision based upon
19 the progress and the progress that's been made up
20 to that point and in our judgment based upon the
21 facts of what are the prospects for concluding the

1 matter within a reasonable amount of time. So, the
2 renewal of that certificate will not be a perfunctory
3 automatic thing; I think, you know, beyond this
4 Commission we want to do this completely.

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6 First item of on our agenda -- or next item on our
7 agenda is old business, I guess if there's none,
8 other than what we have discussed. New business,
9 the first item is approval of some of the rules.
10 And I'll call on Ms. Fleming, our chief counsel.

11 KAY FLEMING: First, this is as general information
12 item we will no longer be releasing the rules
13 in draft form. They will be adopted by the
14 Commission as proposed rules be published in the
15 register. That's in order to shorten the time length
16 it takes to get rules promulgated. Resolution 1996-
17 26 is a resolution which adopts amendments to certain
18 rules, specifically to definitions that are set forth
19 in 68 IAC 1-1-8 which is the definition of a bill
20 changer; the definition of drop bucket which is set
21 forth in 68 IAC 1-1-25. 68 IAC 1-1-30 defined

1 electronic gaming device drop. The resolution also
2 adopts amendments to 68 IAC 2-5-4 which covers the
3 curriculum for occupational training schools. 68 IAC
4 17-1-2 and 68 IAC 17-1-3, which are electronic gaming
5 device movements and the electronic gaming device
6 transportation logs. The resolution also adopts
7 new rules, specifically 68 IAC 5-3 which governs
8 the manner in which riverboat licensee and riverboat
9 license applicants are to present their debt acquisi-
10 tion and debt transactions to the Commission for
11 approval. 68 IAC 10-5 governs the rules for conduct-
12 ing the big six games. 68 IAC 11-8 covers handling
13 of cash at gaming tables. 68 IAC 15 Rule 5 wagering
14 tax; Rule 12 live gaming device fills and credits;
15 Rule 13 manually paid jackpots; and a new Article 18
16 Rule 1 which governs patron dispute procedures.
17 These Rules will be published hopefully in the June
18 1, 1996 register or the next available publication
19 date pursuant to IC 4-22. The hearing on these
20 Rules will be held the last week in June, specifi-
21 cally that will be June 24th but that notice will be

1 published both in the Indiana Register and the Marion
2 County Newspaper. Is there any questions with respect
3 to this Resolution? On Motion by Dr. Ross to
4 adopt the Resolution, second by Bochnowski.

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6 ALAN KLINEMAN: Next item is the surety bond for
7 Trump Indiana Inc. Mr. Thar.

8 JACK THAR: Yes. This will be Resolution 1996-27.
9 As you all may remember, Mr. Trump had originally
10 posted a surety bond and the amount was satisfactory.
11 There was a dispute over certain -- questions arose
12 in regard to some of the language as pointed out to
13 us by outside counsel, Virginia McCarty. Dealings
14 back and forth with the surety company in order to
15 keep the bond going Mr. Trump then posted twenty-
16 five million dollars in cash with the State of Indiana
17 without any type of restrictive language. Subsequently,
18 we have now arrived at language which is agreeable
19 to the Commission Staff, it is also agreeable to
20 outside counsel, Virginia McCarty who has provided
21 us with a letter expressing her legal opinion that

1 in her opinion the bond now satisfied Commission
2 requirements as set forth and with the Gaming
3 Statute which is 4-33-6-9, and as a consequence we
4 have proposed this Resolution to adopt as completely
5 satisfactory, surety bond and guaranty bond No. 12-
6 0110-31492-96-4 in the amount of twenty-five million
7 dollars.

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9 ALAN KLINEMAN: And it's underwritten by United
10 States Fidelity and Guaranty?

11 JACK THAR: That's correct.

12 Upon Motion by Mr. Vowels, Motion is adopted having
13 been seconded by Mr. Milcarek.

14 ALAN KLINEMAN: Mr. Thar, the next item as we know
15 is certificate of suitability for Empress Casino
16 Hammond Corporation.

17 MR. THAR: If you remember, a certificate of suitabi-
18 lity was issued to known at that time as Lake Michigan
19 Charters LTD; subsequently have filed a name change;
20 now referred to as Empress Casino Hammond Corporation.
21 They received a certificate of suitability November

1 17th, 1995, that certificate is valid for six months.
2 They have requested a renewal by letter which is
3 attached hereto. You will also remember the Empress
4 people, presentation made the representation that
5 they received a certificate of suitability, they
6 believed they would be in a position to open by
7 July 4th of 1996. The time period that somewhat
8 criticized by the other applicants to be unattainable.
9 In fact, they are in a position to do that pending
10 the issuance of the Corps of Engineers' permit
11 which they believe that they will have. So presently
12 the Staff and the Empress are gearing towards a late
13 June procedure which would allow them to be open in
14 time for July 4th, pending only the Army Corps of
15 Engineer permit. Empress is present as is the City
16 of Hammond and I have asked them to prepare a brief
17 outline of what they have accomplished as the
18 Commission may be aware of that from them and also
19 ask them any questions. And Hammond is here to ad-
20 vise as to what their feelings are with regard to
21 this renewal. I would also point out that we have

1 received on the land permit issues, information
2 which has been passed to the Commission. We have
3 received three letters from the law firm of Hanshaw
4 and Culbertson, criticizing whether or not the
5 Empress gets the certificate renewed, and urging that
6 it should not for various legal reasons, all of
7 which the Commissioners have. We have received a
8 letter from Bally Entertainment Corporation, indica-
9 ting that they agree with the points brought forth
10 by Hanshaw and Culbertson. We have also received
11 a letter from an individual by the name of C. J.
12 Manion who insists that we should issue a stop work
13 order to the Hammond Marina. All of these people
14 urging the Commission not to renew the certificate
15 focus upon a land patent issue. I believe that maps
16 have been provided and shown to the Commissioners,
17 basically illustrate in simplistic forms the following:
18 Some years ago you could create land by filling in
19 parts of Lake Michigan if you received a permit. So
20 that was owned by the state so you had to get a
21 permit to fill that in, issued by the state. Once

1 the land was filled in or the lake reclaimed, nobody
2 wanted to look at it, you then applied for a land
3 patent which is in essence in simplified form, a
4 deed from the state granting the municipality or
5 the governmental entity title to the land that has
6 now been created. When the Indiana Riverboat Gambling
7 Act passed people checked the files of the Department
8 of Natural Resources to determine whether or not
9 the waterworks and port authority area of Hammond
10 where the riverboat is located, were in fact covered
11 correctly under the land patent issue. It was ini-
12 tially determined that it was, files by the City of
13 Hammond also determined the same thing. Subsequently,
14 in checking more closely, the various plats against
15 the legal descriptions, it's been noted that there
16 was what is called administrative or scribner's
17 error, approximately 1.2 acres of that peninsula
18 were omitted, although the land all around it was
19 included. That is the issue being raised, the primary
20 issue being raised by those people believing that a
21 certificate should not be renewed, and I believe

1 both Hammond and the Empress are prepared to briefly
2 address that issue also. The Department of Natural
3 Resources has advised that the procedure to get
4 that corrected is under way, should be completed in
5 a couple of weeks, the land will in fact be deeded
6 over to the City of Hammond, and that from their
7 perspective it is completely an administrative error
8 which will be corrected administratively. If there
9 are no questions, I would ask you people from Empress
10 to stand, come forward, as well as people from
11 Hammond.

12
13 MR. MICHAEL HANSEN:

14 Hello. Good Morning. Chairman Klineman, Members
15 of the Commission, Mr. Thar, Members of the Staff.
16 My name is Michael Hansen. I'm Project Coordinator
17 for Empress Casino Hammond. With me today is
18 Phil Bate from Ice Miller, also as Mr. Thar indicated,
19 we have the representatives from the City, Jim
20 Bennett, Project Coordinator for the City of Hammond,
21 as well as David Wather Johnson, from Baker and

1 Daniels, their attorney. We're very pleased to be
2 in front of you today and to request the extension
3 of our certificate of suitability. We believe that
4 we are on target, as Mr. Thar indicated, for a July
5 4th if not earlier opening date, and that this will
6 in fact be the earliest opening date from the stand-
7 point of when the certificate was issued of any of
8 the other ones thus far in the State of Indiana.
9 We believe that we have been faithful in all of our
10 commitments that we have made before the Gaming
11 Commission. We have worked with your Staff who have
12 been extremely helpful and very cooperative. We
13 have kept them fully advised at all times by, uh,
14 with personal conferences, by telephone calls, and
15 with weekly status reports with respect to our pro-
16 gress in Hammond. We have worked with the Mayor,
17 the Counsel, the Port Authority of Hammond and other
18 various bodies and interested people in and around
19 the City of Hammond to keep them advised, bring them
20 into the process, and to let them know exactly what
21 is going on with our development. I have given to

1 the Commission today a series of pictures that were
2 taken over the weekend so that the Commission Members
3 can see visually the progress that we have made since
4 we began construction in early 1996. I'd like to
5 take this opportunity to briefly review where we
6 are with respect to the certificate. As Mr. Thar
7 indicated, his report was accurate with respect to
8 our three main components of the project; the over-
9 pass, the guest center and the parking garage. The
10 overpass will in fact be completed early. You can
11 drive over that now. That is to be completed in
12 a couple of weeks. The guest center is phenominally
13 ahead of schedule. We will be occupying that guest
14 center on a temporary basis for the opening with
15 tourists before it's completed. And we have been
16 informed by our general contractor that the entire
17 facility should be completed in mid-September which
18 is ahead of schedule. The parking garage is the
19 facility, the one component that is on schedule right
20 now, we are only hoping that we don't get any advserse
21 weather, but if we do we do have some slack in the

1 schedule that can pick up if that does in fact occur.
2 The sewer is nearly completed. Another minor com-
3 ponent of this whole project. And I guess the fifth
4 and maybe most important part of the whole project
5 is our boat which has been berthed up in Sturgeon
6 Bay, Wisconsin over the winter. It will be leaving
7 Sturgeon Bay mid-next week traveling down Lake
8 Michigan; it's an eighteen hour cruise, to the Port
9 of Indiana at Portage where it will be for one month
10 until approximately June 15th and it will be taken
11 over to the Hammond Marina in preparation for our
12 opening. The gaming equipment will all be installed
13 there at the Port of Indiana as well as we are
14 making a few minor improvements to the boat. Putting
15 in more sprinkler systems, more handrails and things
16 of that nature, to make it a much better gaming
17 facility. The second part of our certificate
18 addressed the off site issues such as hotel, housing,
19 commercial development. Understandably, while we
20 have had some meetings with some people in Hammond
21 on the housing and commercial, that has not been our

1 primary focus and will be after we get open in July.
2 The same goes with the hotel. We have had some
3 discussions with some people on that, but I can only
4 report to you at this time we don't have any concrete.
5 The agreement right now, and that will be a major
6 focus after we open in July, the additional commit-
7 ments that we made in that certificate, we've met
8 with the City of Whiting, we have an agreement with
9 them which was the distribution of the one point two
10 five million over the five years. Discussions have
11 been held with the City with respect to how the
12 one million dollars for the not for profit will be
13 disbursed, how in fact our incubator will work, how
14 in fact the public safety money, the one million
15 dollars per year will be distributed. Those things
16 have all been accomplished. We are in the process
17 of setting up and will have set up our NBE WBE.....
18 program, that is forthcoming, and also I am very
19 pleased to report as we reported at the last meeting
20 in April that the Milwaukee Clipper Ship has left
21 the Marina. And the Port Authority prior to its

1 leaving, they have the five million dollars that we
2 committed to Clipper, two point seven five million
3 would be allocated to Port Authority for the construc-
4 tion of the new administration building, for their
5 offices and for the offices for the Sheraton and for
6 the other, thecenter in the City of
7 Hammond. With respect to the development agreement,
8 I can report that progress is nearly complete on
9 that with the City of Hammond. We've met this week.
10 We have really one more meeting to go with the City
11 officials before there will be a few issues for dis-
12 cussion between the Mayor and the principals with
13 my corporation. We fully expect and there will be
14 no problems entering into that agreement. Out of
15 that agreement will come the lease agreements for
16 the land and for the marina. Those are in discussion
17 in draft form. Those will be finalized at the end
18 of this month. Mr. Thar had discussed briefly the
19 Corps permit. We have gotten everything to the
20 Corps. We have been in constant contact with them.
21 We have had many meetings with the Corps personnel.

1 They have indicated to us approximately one week
2 ago that they now have all of their questions
3 answered, they have all of the information that they
4 needed, and were standing firm on their commitment
5 to have the permit issued by mid-May. And we would
6 expect that to be accomplished in that order. We
7 also have with the U. S. Coast Guard with respect
8 to our certification and that process is ongoing
9 and in getting it. We filed with the Gaming
10 Commission our emergency response plan. We have
11 put up the cash bond in the amount of fifteen
12 million dollars. We have filed, uh, we have retained
13 all of our insurance. And complied with the rest of
14 the requirements of the Staff with respect to filing
15 with the internal control various plans, various
16 designs, and other matters that are necessary, been
17 filed. You will recall when we were before you in
18 Hammond in October, that our theme at that time was
19 "We're ready." And I think that we've complied so
20 far to date with that theme and I believe that you
21 will find that we are in fact going to be ready and

1 will be ready by the July 4th opening date which we
2 have been projected. I'm open for any questions.
3 We respectfully request that you grant this exten-
4 sion of our certificate. Thank you.

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6 ANN BOCHNOWSKI: I want to make sure the five million
7 that you have committed to the Clipper, the Milwaukee
8 Clipper, now you have indeed you have spent the
9 five, the total five million on other..

10 MICHAEL HANSEN: No, no...

11 ANN BOCHNOWSKI: How much did it cost to move the
12 Clipper? That is what I'm trying to ask.

13 MR. HANSEN: That's a good question and I can tell
14 you right now, today, I don't have the exact answer
15 to how much it costs to move the vessel, but let me
16 review with you how that's gonna be allocated.

17 We had spent approximately five hundred thousand
18 dollars the prior, before even getting involved in
19 this, now we added two point seven five to the
20 Hammond Port Authority. The Clipper right now is in
21 the Calumet River. We are ongoing discussions with

1 the Port Authority with various cities and Lake
2 Michigan to move the vessel hopefully this summer
3 from the Calumet River to a City in Lake Michigan.
4 In that Lake Michigan charters..... will pick up
5 the tab for that. Once that is accomplished and we
6 know exactly how much all of those monies are, added
7 incentive of two point seven five to whatever that
8 balance is would be allocated totally to the social
9 services.

10 ANN BOCHNOWSKI: Okay.

11 MR. HANSEN: So it would be a minimum of one million;
12 I would expect it to be about one and a half million,
13 somewhere in there.

14 ANN BOCHNOWSKI: I'm picturing the Milwaukee Clipper
15 floating around like that barge and..... does any-
16 body want it?

17 MR. HANSEN: Well, I was gonna bring down the video.
18 We have a video tape and you would be impressed with
19 how easy it was to move the vessel out of the marina.
20 It was an incredibly easy and very quick task.

21 ANN BOCHNOWSKI: Isn't that interesting.

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MR. SUNDWICK: Comments partially inaudible. I'm glad to see you're preserving the Milwaukee Clipper.

MR. HANSEN: Thank you, Commissioner. That is our intent as well as the Port Authority to make sure that vessel was preserved and is not scrapped so to speak, so we want to make sure that is taken to a proper place where it will be preserved.

MR. SUNDWICK: I had a question. Well, it's not a question, it's a statement more. I think you've done an excellent job to date on your project. You ought to be commended for that and on the speed and the way you've handled this whole thing. But, and the question is: Now, the hotel program, that's gonna go as expeditiously as the place you in facilities, dock facilities and the boat, correct?

MR. HANSEN: Absolutely. We just, unfortunately, in all candor we just haven't been able to devote the man resources to that project right now. I think you can see with our, so far our construction efforts, of course, what we said to you about Joliet and now in Hammond, rest assured that when we get all these

1 things tied up, it will be ASAP because we have the
2 ability to get things done timely and properly, that
3 is going to be our major focus. It's very important
4 to us as well as of course to you.

5 MR. SUNDWICK: Well, you're doing an excellent job.

6 MR. HANSEN: Well, thank you very much but we can
7 only thank the Staff, Mr. Thar, Kay Fleming, Mr.
8 Hannon, everyone has been extremely cooperative and
9 we had a group in Hammond, I also have to thank not
10 only our owners but also all of our staff for every-
11 thing they've done this far. We're not there yet,
12 of course, it's gonna be a very rough and interesting
13 six weeks ahead, but we're always glad to do what is
14 correct and do it according to the way you're sup-
15 posed to do it, and we've got a lot of good team
16 work in this.

17 MR. THAR: I think they are totally prepared to
18 open, if not by July 4th, if it hasn't opened by
19 August 30th, I think the Commission probably will
20 want to know why.

21 MR. KLINEMAN: Any other questions? If there are

1 none, we have the Resolution 1996-28 before us.
2 Resolution concerning the extension of certificate
3 of suitability issued the Empress Casino Hammond
4 Corporation, on November 17, 1995, in Section 3
5 there is a blank for extended or revoked and goes
6 on to the next page where Mr. Thar is suggesting we
7 fill in August 30th of 1996. Do I hear a Motion
8 to fill in the blank with an extended and the August
9 30, 1996?

10 MOTION by ANN BOCHNOWSKI, second by DR. ROSS.

11 Resolution is adopted.

12
13 MR. KLINEMAN: Okay, the next item of business is
14 the surety bond for Empress Casino Hammond Corporation.

15
16 MR. THAR: This would be Resolution 1996-29. Again,
17 what Empress has done is post fifteen million dollars
18 in cash with the State of Indiana on May 2nd. That
19 again has language which satisfied the Commission
20 Requirements, what we have required to date and the
21 amount is also satisfactory. We have received a

1 letter from Virginia McCarty, indicating that this
2 amount and the present way in which it is posted
3 satisfies the statutory requirements and the require-
4 ments of the Commission. It is the intention of
5 the Empress to at some point in time potentially
6 substitute a surety bond in lieu of the cash that
7 is on deposit presently. We're just asked to review
8 the fifteen million dollars and the cash deposit
9 with the State. That is what the Resolution does.
10 It is the Staff's recommendation along with Virginia
11 McCarty that this Resolution be approved.

12
13 MOTION to approve Resolution 1996-29 by Mr. Vowels.
14 Second by Mr. Milcarek. Resolution is adopted.

15
16 MR. KLINEMAN: The next item on our agenda is the
17 approval of The Majestic Star Casinos; that's the
18 interchangeable sometimes called Barden, certificate,
19 and we have Mr. Frank Zenn here representing Majestic
20 Star. Welcome.

21 MR. ZENN: Thank you.

1 MR. KLINEMAN: We will let Mr. Thar start off and
2 then if we have any questions or anything you want
3 to add, we'll let you do that.

4 MR. THAR: We have had discussions with Mr. Zenn --
5 it's nice to see you --and Mr. Barden for some time,
6 period of time concerning the potential on this
7 financing. In essence, it's an issuance of first
8 mortgage notes of high yield bonds straight out of
9The Majestic Star L.L.C. which is the holder of
10 the certificate of suitability and it's to raise
11 a hundred and five million dollars, the uses of
12 which are set forth in the information that we provided
13 to the Commission last week they probably received
14 as well as ansummary. It is in terms of some
15 of the other financing that we have seen, very
16 straight forward and relatively simple. Even though
17 at a hundred and five million I don't consider, you
18 know, by any means not important. So we have re-
19 viewed it. Mr. Zenn is present. We feel it is
20 relatively straight forward, but please answer any
21 questions for the Commission, or anything Mr. Zenn

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that you feel like would be important to note.

MR. ZENN: I have nothing to add, Mr. Thar, to your excellent capsule summary. I think things are in front of the Commission. I also express my appreciation to you and the Staff for helping us through this process. I will be happy to answer any questions that the Commission might have or you.

MR. KLINEMAN: Well, I just want to make note of a couple of things. (1) That we have received a letter fromThornburg....opining that the, uh, that this financing does not in any way hypothecate or pledge the certificate of suitability or the license which might arise later, and, therefore, the statute is not violated during the fact that the certificate this county pledged or hypothecated... The other thing I would like to note is that as I read the material that the project will still have an equity investment of twenty-eight million dollars; is that correct?

MR. ZENN: That's correct.

MR. KLINEMAN: And that's not in the way of debt;

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it's actual equity?

MR. ZENN: That is correct. That is pure equity. That's the minimum. There may be a little more.

MR. KLINEMAN: I just wanted to make a note that there is going to be a very substantial amount ofAnybody else have any questions?

ANN BOCHNOWSKI: It's my understanding also that all of this is to go toward the project, that the offering, the money?

MR. ZENN: That is correct. The project and the related items which have been put before the Commission.

MR. KLINEMAN: And it includes building a new boat to replace the one that.....?

MR. ZENN: That is correct. The new boat has been designed or is currently being designed and hopefully will be available for use in about eighteen months' time.

MR. KLINEMAN: I guess it would be the feelings of this Commission that there's some way that that boat should have a substantial Hoosier connection during

1 its construction time, having supplied materials
2 to construct it, we would like that.

3 MR. ZENN: We will certainly take that into account.

4 MR. SWAN: Where is the boat being constructed?

5 MR. ZENN: Well, it's not in construction yet, but
6 it will be constructed I believe in the Virginia,
7 the shipyard in Virginia; that's one that's under
8 consideration.

9 MR. KLINEMAN: We heard yesterday Cummins makes
10 diesels for big boats.

11 MR. ZENN: That possibly could be...

12 MR. KLINEMAN: And Gary makes steel. I shouldn't
13 forget that. All right. Any questions?

14 Mr. Swan makes motion to adopt Resolution No. 1996-30,
15 second by Dr. Ross. Resolution 1996-30 is adopted.

16

17 MR. KLINEMAN: The next item of business of occupa-
18 tional license issues. This has to do with policies..

19 MR. THAR: Yes, Mr. Chairman, what we've found since
20 we started that we had Commissioners come up involved
21 in the occupational licenses that we did not antici-

1 pate, so we're going to try to through this Resolution
2 establish some rules to handle those situations
3 which we have not seen before. Specifically, we've
4 had instances where people have been promoted from
5 one level to another. We're establishing rules as
6 to how that will be accounted for. We've had in-
7 stances where people have lost badges, we're asking
8 that there be a small charge to that, and we've
9 also had instances where people have tried to move
10 from one boat to the other. This rule would estab-
11 lish a procedure that they would have to follow to
12 do that. We've also had instances where we've had
13 people leave and come back, we've established a
14 sixty-day cut off, that if they return within sixty
15 days we would not have them go through this process
16 again. If it's beyond sixty days we'd have to start
17 all over. All the timing and the cost that we've
18 built into this Resolution are to encourage employees
19 to stay with their employer and try to minimize the
20 mount of time that we have to put into renewing and
21 redoing licenses.

1 Motion to adopt Resolution 1996-31 made by Mr. Vowels,
2 second by Mr. Swan. Resolution 1996-31 is adopted.
3

4 MR. KLINEMAN: The next item is the waiver of tempor-
5 ary license requirement for the installation of
6 computer equipment for Trump Indiana, Inc. and
7 Majestic Star Casino.

8 MS. KAY FLEMING: Comments inaudible - in majority.

9 Motion to adopt Resolution 1996-32 by Milcarek,
10 second by Ann Bochnowski. Resolution 1996-32 is
11 adopted.
12

13 MR. KLINEMAN: We move into the other business sec-
14 tion. Mr. Thar, do you have anything?

15 MR. THAR: No.

16 MR. KLINEMAN: I just have one thing to share with
17 the Commission. I know Mr. Thar received a letter
18 and I received a copy I guess from the office of
19 the Mayor of Gary, Indiana, Scott L. King, where he
20 compliments Mr. Arnie Fleishman, the Chief Operating
21 Officer of Trump Indiana, and Tom Bonner, Executive
Vice President of Barden Inc. for their diligence

1 in helping the City of Gary develop contracting
2 fairs, jobs fairs, vendor fairs, to keep the resi-
3 dents available. The Mayor says, and I quote:
4 "I commend them and want to take this opportunity
5 to share this with the Commission." So things seem
6 to be going well between the administration in Gary
7 and the licensees. If there's nothing further to
8 come before the Commission, I would entertain a
9 motion to adjourn the business meeting and we would
10 then take a ten or fifteen minute break. Fifteen
11 minute break. Motion to break by Ann Bochnowski.
12 Second by Dr. Ross. We will be setting our next
13 business meeting at the conclusion of today's pro-
14 ceedings and hopefully we will also be setting a
15 time to have further discussion of the licenses in
16 Harrison County. So the meeting is adjourned and
17 we will recess now until 9:30 at which time we will
18 receive the presentation of the next applicant.

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20 (RECESS)
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INDIANA GAMING COMMISSION

MAY 7, 1996

PRESENTATION BY HARRISON COUNTY GAMING CO.

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

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

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Casino Task Force and I now am
the Chairwoman of the Riverboat
Evaluation Team. Among the gentle-
men to my right are three that
you'll be hearing from a little
later. Here at the end of the
table is Greg Albers. Greg serves
on the County Council and is a
member of the Riverboat Evaluation
Team. Next to Greg is Terry
Miller. Terry is a member of the
Evaluation Team and serves as the
President of the Harrison County
Commissioners and to Terry's
right is Steve Haggard. Also a
member of the Evaluation Team,
Steve is the President of the
Harrison County Council. We are
so pleased to have you here in
our community and grateful for
the opportunity to show you why

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

(Video is shown)

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

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(TERRY MILLER SPEAKING)

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

(PAM BENNETT SPEAKING)

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

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

(TERRY MILLER SPEAKING)

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

(ART STEWART)

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

(SPEAKER UNKNOWN)

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

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War Battles fought on northern soil happened right here July 9th, 1863. The local militia lost the battle but we know who won the war.

This Park is registered in the National Register of Historic Places and is part of the Harrison County Parks Department. We try to keep it open year round but our money can only stretch so far. Last year we had to lock the gate for part of the year. One thing we know for sure, if we had the additional tax dollars from a riverboat casino, we could invest some of them in our county parks department. Believe it or not we have seven (7) county parks including the 220-acre South Harrison Park. Here's our Harrison

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

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

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

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

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

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better, we're talking about a stipulated economy which would mean the people who live here will have more choices, more jobs, and more opportunities to open businesses, all right here in southern Indiana. We say "southern Indiana" because we know if Harrison County were to prosper so would the adjacent counties. Just as many of the people who live here don't work here, a lot of the folks who work here don't live here. Of the thousands of new jobs created through economic development in Harrison County over the past ten (10) years, fifty percent of the workers live somewhere else, mostly in neighboring counties. It adds up to this: Harrison County is a great place to live and work.

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We have a strong work force in place and we've proven we can meet the challenges of growth. All of these things we believe further enhance the prospect for success of riverboat gaming in Indiana.

Finally, we want you to know that we will invest new revenues in our future and in our past. We'll shore up our infrastructure and enhance our schools. We'll also preserve our history, our natural beauty, and our rural American values. We are a county whose people and elected leaders dared to dream. We dreamed that someday we'd be able to preserve all the things that make our little corner of the world special and share them with future generations. We dreamed that we could find a way to provide our young people with

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

(ART STEWART)

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

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it right alongside the old State House. Of course, I reckon that's up to the Gaming Commission. Be sure to tell them that's my idea.

(APPLAUSE) (End of video)

GREG ALBERS: Good morning. I'm Greg Albers. With your visit here the long journey began more than two years ago is now near an end. Late in 1993 I introduced a docking ordinance necessary to place the riverboat on the May ballot. Following that at a joint meeting of the Council and the Commissioners on January the 8th, 1994, it was decided to select seven (7) citizens to form a task force to study the possibility of bringing riverboat gaming to Harrison County. Co-chaired by Judy Hess and Art Stewart, the

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Task Force quickly began the fact finding process. They visited a riverboat casino in the region and spent hours on the phone with business owners, mayors, chiefs of police and residents of communities where riverboat gaming currently exists. They wanted to find out for themselves whether casinos were a boom or a bane to these towns. They even toured Casino Aztar City of Evansville while it was under construction at Jeffboat in nearby Jeffersonville. An exhaustive public input process was initiated at a number of hearings where the Task Force recorded the comments and concerns of Harrison County residents. After months of study the Task Force reported to the Council and the Commissioners

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that the potential benefits to a community hosting a riverboat casino could be considerable. A referendum authorizing Harrison County to seek a license was placed on the ballot and approved by voters in May of 1994. Following the vote three (3) members of the Task Force formed the Riverboat Evaluation Team along with three (3) at large members of the County Council and the three (3) County Commissioners. Although the Evaluation Team had decided against recommending a particular developer to you, its mission was to obtain detailed commitments from each perspective developer, assuring us that their project would meet the following five major goals:

The selected developers project

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should:

Promote long term economic and industrial growth within the area;

Directly or indirectly improve county infrastructure and public safety systems;

Provide an ongoing civic and charitable assistance;

Hire and purchase locally;

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

In public presentations to the Evaluation Team last month each company presented its plan for a casino, including how they would address the five major goals.

Binding legal agreements are currently being negotiated with developers to ensure fulfillment of promises

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

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

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

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

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

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

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

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

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

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

STEVE HAGGARD: Thank you, Judy.

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

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of our gaming revenues could be invested in roads, bridges, water service improvements, sanitary sewer projects, industrial park developments, and the extension of rail lines to serve new industrial users and a County airport. Fire development county wide could get upgraded equipment and opportunities for advanced training. New fire station housing ambulances could open in southern Harrison County. The County police could add patrol cars and officers. The video introduced you to the County Parks. The gaming revenues we could plan to make sure the park system is sufficiently funded and would never again have to lock their gates because of financial shortfalls that happened recently.

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Every Harrison County resident and property owner could also benefit from the administrative funds that could be established to upgrade the way county government maintains its records. In this plan seventeen percent of the county tax revenues could be spent on education. At risk, special education and latch-key programs could be established. A county wide library system could be established, college scholarship funds could be created, and innovative block grants awarded. Special agricultural vocational education programs could be provided opportunities for students of any age to learn a new skill or trade. Human service needs in our county are projected to receive ten percent of the tax revenues. The plan re-

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commends funding for various youth programs. Adult and senior citizen care, alcohol and drug programs, affordable housing, transportation service for seniors and the disabled, programs for individuals with special needs, child care, mental health programs and programs for rehabilitating juveniles and other criminal offenders, and programs to encourage Harrison County property owners to preserve their land for agricultural use. That's particularly important if we are to retain the kind of community atmosphere and quality life which has attracted growth in the first place. Five percent is earmarked for economic development. The Chamber of Commerce presented a plan to the County that would

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

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market share or even leave the County. As the video displayed, this is not a wealthy County, nor are we poor. We have needs we believe will help by gaining revenues but we also realize people in our neighboring counties and communities do too. The remaining eighteen percent of the projected revenues could be shared by then incorporated towns in Harrison County and counties in the area. Because it is uncertain whether Crawford County will have a riverboat, or which Harrison County location you might select, we have assembled multiple plans for revenue sharing. If you decline to award a license to Crawford County and you choose a developer basing its riverboat casino in Mauckport,

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three percent will go to the incorporated towns in Harrison County, eight percent will go to Crawford County, three percent to Floyd County, and one percent to New Albany and Georgetown in Floyd County and two percent will go to Washington County. If you decline to award a license to Crawford County, and you choose a developer basing its riverboat casino in Bridgeport area, three percent will go to incorporated towns in Harrison County, eight percent will go to Crawford County and one percent to Floyd County, three percent to New Albany, one percent to Georgetown and two percent to Washington County. If you also award a license to Crawford County, the eight percent earmarked for the County will

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

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

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

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of Harrison County, and are conscientious stewards of our resources. William Henry Harrison, the first Territorial Governor of Indiana and ninth President of the United States, for who this County is named, would surely approve. We have before us the opportunity to become a major southern Indiana economic center, while retaining the rural character that makes people want to live here. So on behalf of my fellow citizens I respectfully ask that you grant a license for riverboat gaming to Harrison County. We think we are well prepared. Thank you for your kind attention. After the introduction of our team, we'll entertain any questions you may have. If I may introduce them please.

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If you would stand as I introduce you. Kenny Saulman, County Commissioner. Eddie Pitman, Evaluation Team Member. Ed Emily, County Commissioner. Earl Saulman, County Councilman. In the back row, Darrell Voelker, Executive Director of the Harrison County Chamber. Art Stewart, Evaluation Team Member. Karen Shireman, County Auditor. David Layson, County Commissioner Attorney. Greg Reas, Emergency Management Director. Gordon Ingle, County Council Attorney. Neil Lucas from Stark, Donoger and Smith. John Van Bus-Kirk from Stark Donager and Smith, our legal counsel. And Mike Hunter from Wolpert Engineers, our engineering firm. And of course, one more time, Greg

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

CHAIRMAN - GAMING COMMISSION

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

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Crawford County for the hospitality shown us yesterday.

MRS. HESS: We're always delighted to show off our county.

MR. KLINEMAN: Thank you. We are now at the place where the question is the questions for the Harrison County Group. Do you want to start off?

ROBERT W. SUNDWICK:
That was a nice presentation. Thank you very much. One thing that occurred to me as you were making the presentation was that you mentioned that your infrastructure is such that you have maybe half of the roads in the county are paved yet only five percent of the revenue would go toward infrastructure needs. Did I understand that correctly or?

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

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

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

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

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

1 funds for infrastructure there.

2 MR. SUNDWICK: Thank you.

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

8 JUDY HESS: Ten (10).

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

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

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sent to you and I should say that it is also pending the determination of the legality of such a venture. Darrell.

DARRELL VOELKER: I would like to just add to that the entire process has been by the public. The revenue committee that met and made those allocations of funds met for two very long evenings. There were twenty-two people on the committee and the ideas that they proposed were pretty much taken into consideration as they were. So that's where the idea come up and so again for the impact on the areas that that traffic was -- traffic was one of the biggest considerations when the evaluation team and task force studied what impact

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riverboat gambling may have and they believed that traffic access to Meade County, Kentucky would be important.

EDDIE PITMAN: Judy, can I speak to that also?

JUDY HESS: Certainly.

EDDIE PITMAN: We spent a lot of time -- I chaired the revenue finance committee -- and we spent an awful lot of time talking about revenue sharing and I know this is, uh, I'm gonna go over some of the same things again that these folks have already spoken to, but especially if a boat would be at Mauckport, if you look at Meade County, you look at Elizabethtown, you look at Fort Know, you look at where many of the people might be coming from,

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and we just felt like if we're gonna share, probably Meade County would get an awful lot of traffic, and their road system is similar to Harrison County road system. We felt there might really be a need there.

JUDY HESS: We might establish a precedent; maybe the state could require Churchill Downs to share some money with us from Derby Day.

OTHER COMMENT -- fascicious..

KENNY SAULMAN: Yes, my name is Kenny Saulman, County Commissioner, and revenue sharing with Kentucky, I think is a good thing in my mind, and just recently they just had a bad storm there, a tornado, and people there from that tornado that were injured were brought from there to this

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county to be taken care of in our hospital. And we, the State saw fit some years ago to take the toll off the bridge so that people from Kentucky would come through our County, and we have several people that do commute here to work. We just thought it was a good thing to do.

JUDY HESS: Questions?

ANN M. BOCHNOWSKI: Yes, I have a question.....

UNKNOWN: I think he had a response to that...

ANN BOCHNOWSKI: Oh, I'm sorry. Go ahead.

MR. PITMAN: I, I just wanted to say that we are one community here. The river maybe is not as wide here as it is in other places between Kentucky and Indiana, a

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

JUDY HESS: Yes.

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

MRS. HESS: Yes.

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

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

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

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

ANN BOCHNOWSKI: And when you

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

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

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

MR. REAS: Yes sir.

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

would be needed.

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2 MR. KLINEMAN: I guess, I
3 think that there is some generic
4 things that would be needed period,
5 and I think that if you have a
6 wish list of those things you better
7 think about putting it into the
8 program and so because now is the
9 time to get what you -- that which
10 will protect the public.

11 ANN BOCHNOWSKI: In other
12 locations we've seen money above
13 and beyond what the law required
14 going into these things and that's
15 why...

16 MR. KLINEMAN: Yeah, that's
17 what we're really talking about.
18 Not a percentage off of the revenues
19 but rather what is going to be pur-
20 chased and in place the day that
21 the boat would open. I think that's

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what's important.

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

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

JUDY HESS: John Van Buskirk
has been working with our develop-
ment agreement and with the deve-
loping..

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

JUDY HESS: Yes.

ANN BOCHNOWSKI: Is that a

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public company? Or is it a govern-
ment type company or is it a pri-
vately owned company?

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

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

TERRY MILLER: Yes sir.

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

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

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

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

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

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amount of distancing from Corydon and the actual location of the riverboat, and have you thought about the possibility of what if a number of people had to be evacuated and had to have to be treated medically?

JUDY HESS: Yes, we have addressed it. Now, as Greg pointed out, we have not developed a specific plan. I concurred with Greg that to work out a specific plan for all four of those sites would be a real burden to him at this point. And, yes, go ahead.

JOHN VAN BUSKIRK: As part of the overall process for emergency planning for the County, there obviously has to be something that, you know, we'd take a look at it. We've been in the process for about

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six months or so developing a
..... plan. Fortunately, you know,
we have a lot of resources we can
call on from the Louisville metro
area, if need be. The other
thought is to also with a
helicopter. We've got four
from the other Interestingly
enough, we are relatively resource
rich in those respects. There's
a number of hospitals in the
Louisville area, there's two heli-
copters that fly out of Louisville
itself, so we've got a lot going
for us in that respect.

JUDY HESS: And your county
plan addresses mass disasters or
emergencies, correct.

DONALD R. VOWELS: We had a
lot of comments yesterday about
the traffic situation, especially

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the Bridgeport area, people that...
the community to Louisville now
through that area, I think they
were saying. What's the general
feeling in the county as to the
congestion that may occur in that
area? We've heard a few voices
but I don't know that we heard
really the true voice of the county
on that congestion situation.

JUDY HESS: Terry, did you
want to start with the business?

TERRY MILLER: I talked to
the developers and when the hours
are heaviest and the rush hour
period is the times early in the
morning when there would not be
the traffic coming to the river-
boat, say from 6:00 o'clock in
the morning until probably 9:00 or
9:30. All of them have proposed

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

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

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

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facts that are contained in these various traffic impact studies. There are a number of improvements that will be addressed, particularly along the state highway to facilitate this traffic flow in and out, also through New Albany Street to 64. If the Mauckport site is chosen there are also improvements to 135 all the way up through the Corydon area to the Interstate. So to respond to your question, yes, the peak traffic issues have been addressed. We feel that the developers have been very responsive in this regard and there are improvements regardless of which site is proposed.

ALAN KLINEMAN: Well, this of course, is another thing that you would want to have the developers

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

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

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

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with New Albany when it gets to
be their turn.

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

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

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

ANN BOCHNOWSKI: And I want to say thank you.

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

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

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

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

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

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

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

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

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that county to come and see how they're feeling about the casinos?

JUDY HESS: Uh, and I could be checked on my facts here, I know that in the first referendum in Floyd County the City voted for the boat, and I think it was so in the second referendum. So the City itself was pro riverboat casino and the City in our Task Force conversations with the Mayor and in talking with the developers and their conversations with the Mayor, very receptive in being a partner here. Others.. I can't believe I get the last word with this.

THOMAS MILCAREK: In your talks with the four companies, and we talked about the laundry list that we're used to seeing about certain things such as infrastruc-

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

JUDY HESS: Yes.

THOMAS MILCAREK: Anything in writing?

JUDY HESS: Yes. John.

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

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become available throughout the County. We have addressed the road situation. We've addressed the hiring locally, we've addressed prevailing wage issue, we've addressed using local people for supplies, for jobs, for assistance in having people in southern Indiana be advised of how they can become competitive for supplies. We think the development agreements are very important to the County. And we are optimistic that within the next week or two we will have signed agreements with all of the applicants.

ROBERT SUNDWICK: Was the emergency plan a part of that negotiation?

JOHN VAN BUSKIRK: Yes. There were meetings with the engi-

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neers and discussion regarding fire protection and emergency response.

MR. SUNDWICK: So that's a, this is a side agreement that says we're gonna do this, 'cause I didn't, you know, I listened to all of the emergency issues about Louisville and what they would do and what we think could happen. I'm not convinced that anybody would do anything after the fact. You're -- you're really saying that you do have the agreement with these people individually, this is what we need to, to support you in an emergency environment?

MR. BUSKIRK: Yes. There is a provision in the agreement that the developers will need to provide certain levels of security and emer-

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

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

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

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

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

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you know, some of these boats propose to have three or four thousand people on board. And say if there was a fire and you had two hundred, three hundred people who needed to get medical attention, serious medical attention right away, do you feel that what's being addressed with these companies will be adequately covered in a situation of worst case scenario like that?

TERRY MILLER: Uh...

THOMAS MILCAREK: Because I think the coast guard will certainly be interested in that.

JOHN BUSKIRK: Yes. The coast guard has and we've had, uh, we're working with -- we've got ... both working attorneys and what I've seen the gaming companies themselves,

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those issues are being addressed.
I've also went to the pains of
seeing what they were doing as far
as Evansville and I talked to the
riverboat people down there to see
what, you know, we'd be looking at
in the event the boat be, uh, that
a certificate would be issued here
in Harrison County as well.

QUESTION: Inaudible.

JOHN BUSKIRK: Yes. Actually,
the way I see it there's gonna be
two actual plans; there's gonna be
an onboard plan for the boat it-
self that's gonna address those
particular issues. For example,
if they did have a fire on board,
the coast guards concerns are not
very great because the boats are
made so they are practically fire-
proof. They are also designed so

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that they're not really in danger of sinking. So what they're gonna be looking is doing things like finding shallow part of the river, maybe grounding some place along the river bank on either side and that they have a point to set up a triage area and also, you know, get the people that are seriously injured out as quickly as possible.

THOMAS MILCAREK: How close is the closest hospital to Bridgeport and Mauckport?

MR. BUSKIRK: Well, the closest place -- obviously, the closest place from Bridgeport as far as hospitals that would be in the Louisville area. Now, we've got an awful lot of, uh, I can't tell you exactly how many ambulances

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that are available through Louisville metro area, provide ambulance services, provide an ambulance services in New Albany, plus what we have here in Fort Knox and Meade County. But it's a pretty substantial number. We have done some drills about a year and a half ago with VA Hospital, addressing exactly that type of thing; what are we gonna do if we have an extreme mass gas leak incident, how fast can we get people from point A to point B.

THOMAS MILCAREK: Are there city police departments in Mauckport and Bridgeport? Or do the Sheriff's department cover all that?

The Sheriff for the County.

Okay. And the Sheriff, this is the county seat, right, Corydon,

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

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

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

GREG ALBERS: Yes, right.

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

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

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developers will advance a very significant amount of that, probably 1.75 million directly to the County right after the certificate. And it's the County's intent to have that, and we also have a provision in our agreements, that the developer will reimburse the County for some expenses once the certificate is issued, between that period of time when the certificate and when the boat opens. We anticipate it is probably gonna take at least six months for court approval before they can do anything, so the idea is to have money in the County immediately so that once the certificate is issued the County will have the funds directly available to address these concerns to hire more police, to work with the fire

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

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

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

MR. MILCAREK: Who has signed it so far?

MR. BUSKIRK: Horseshoe.

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

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

MR. BUSKIRK: We would like

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

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

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

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

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MR. BUSKIRK: I think you'll find when you look at each individual proposal from the developers that a lot of these issues are covered in their proposal on an individual basis as it applies to their development. So if there are any holes in that we can address that.

ALAN KLINEMAN: Well, and one of the things we're used to seeing, and I don't want to get in and negotiate any kind of agreements on behalf of Harrison County, but we're used to seeing monies flow from the developer to cover some of these things without taking credit against some ongoing revenue sharing that is in the future. In other words, most of them you get the money out front and you also get the

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

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

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

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

JUDY HESS: Yes.

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

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

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to Metropolis.

MR. MILCAREK: Okay.

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

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

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boat, but other than that did you get any impression about it, the significant rise in crime rate that would directly relate to the boat in the county?

JUDY HESS: We most specifically addressed that question prior to the referendum, from January and May of '94, and we spent a long time on that issue of the crime rate, if there was an increase because it was a concern that was brought to us pretty steadily from county citizens. What we did -- Eddie, was it thirteen communities that...?

MR. PITMAN: Thirteen.

JUDY HESS: Of the seven Task Force members at that point had certain communities that they talked to on every issue and Eddie and Art

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Stewart and I were on that first task force and so I invite him also to contribute here. The calls that I made, and East St. Louis was one of mine, uh, the response was that there was no significant increase in crime. East St. Louis tells me -- what would they know, right. But the chief of police there was quick to point out to me that it was the safest place in East St. Louis because it was so well lighted and because the company took such good care of the property and provided so much security. He said he thought it was the best place to be in East St. Louis. Yes sir.

DONALD VOWELS: You know, I probably would think East St. Louis would come down because of the boat.

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

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

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

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

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

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

21 JUDY HESS: They generally

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compare those as fender benders,
that type of thing.

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

JUDY HESS: Yes.

MR. VOWELS: Very definitely?

JUDY HESS: Very definitely.

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

JUDY HESS: Yes. We had in-
vited him to be down here with us.

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

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go ahead and ask him.

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

STEVE HAGGARD: Just want to make sure.

JUDY HESS: Other questions?

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

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

(LAUGHTER)

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

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

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

JUDY HESS: Terry.

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

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

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where you want to be on it.

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

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

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

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

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

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

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

ROBERT EUGENE CURRY: Certainly the...

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

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

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

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

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

JACK THAR: For either site?

MR. CURRY: Inaudible.

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

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

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

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would be solely used by the gaming developer or what?

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

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

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

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water users of the two utilities
so it's my anticipation that the
costs would be allocated directly
to the areas and of
course that case it would be the
casinos.

JACK THAR: Or any new, would
it be if there is additional develop-
ment in the area of the casino,
would the extension of the water
and service of the casino area
be sufficient to also supply other
development that would come up in
the area?

MR. CURRY: Yes sir. In
analyzing the water supply in each
or both of these locations we used
the master plan concept where we
analyzed the casino to be concurrent
with the overall community needs
so we have provided for water ser-
vice for the entire area, that's

1 why the casino is of design.

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

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

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

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

21 JACK THAR: If we could switch

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

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

MR. THAR: Would you identify yourself?

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

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

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

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

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

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

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treatment facility is designed solely to handle the riverboat development only, does not provide anything for additional development whether it be residential or commercial, particularly since I understood from yesterday that certain development and certain interstate access has been slowed down or stopped because of the inability to handle sewage.

MR. HUNTER: Jack, I think you would have to blame that on me but that was in the Edwardsville area. That was in Floyd County. No, there is municipal and waste water treatment plans just in three incorporated towns in the County. Corydon, of course, would serve the large industrial commercial area; Palmyra, which is in the

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

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

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

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

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

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

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

JUDY HESS: Sure. Greg.

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

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what incidence of increase runs the riverboat would cause to the County. Elizabeth, in our opinion, should have an ambulance and if you want to speak to the Sheriff, but at least an ambulance based in that area. The Mauckport area probably won't need one because it is accessible by 135 and in a very short period of time.

MR. THAR: Well, if we just take some of the experiences we had in Evansville: A gentleman showed up the second day of the gaming, was so excited waiting in line and he had a heart attack. Now, everybody knows if you have a disaster of fifty or more people you're gonna get the attention of everybody in the neighborhood. But the one guy who collapses in the

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

GREG REAS: Yes, it's being considered.

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

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

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

GREG REAS: Or less, yes sir.

MR. THAR: How about Mauckport?

GREG REAS: That would take eight minutes.

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MR. THAR: Is that coming from Corydon?

GREG REAS: Yes.

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

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

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

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

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MR. THAR: Well, I understand that but if I've got about ten or eleven minutes to get down there, that means I've got ten or eleven minutes to get back.

MR. REAS: That's correct. Also, one other thing that you may be interested in, the EMT's in this area have just recently completed a paramed training. They have to complete their hours now to get license or certified as parameds, so we look for our service, fortunately, is substantially increased so they're gonna be able to do a lot more once they get to the site other than just, you know, monitor and try to run them back to the hospital.

MR. THAR: One final area, you itemized and listed your pro-

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

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

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

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

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

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

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

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months; I know exactly how long we've spent. And we've met all over our County. We have asked for citizen input at every single one of our meetings, we've developed a wish list. Folks, if you gave us five more years there could probably be something come up that we wouldn't have thought of, but we've really tried hard and our communities I think have tried hard to give us input. We want to cover every base that we can. But, anyway, we've really tried hard to answer some of the questions which you've asked.

MR. THAR: I understand that and I guess one thought I'd leave you with is this: The day this Commission opened with the, should they give us the certificate of

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

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

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

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

(LAUGHTER)

One thing I did want to point

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out is that we did try specifically to address everything we could in that twenty-eight months as Eddie, the chronologist, has pointed out for us and that is what in those five major points that's why we made those allowances because we may not have thought it all through and the difference in this instance is I think everywhere else you've been you pretty well knew where the location was going to be. You know, it was going to be in X, Y, Z City, whereas, in our instance, as you know, we have four sites and a lot of the specifics can't be developed until we know which site you would select.

Any other questions?

THOMAS MILCAREK: I want to hear from the County

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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has a take-home car which is fully equipped.

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

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

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

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

MR. MILCAREK: And how many

1 do you anticipate that would be?

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

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

15 CLYDE SAILOR: At this time?

16 MR. VOWELS: Yes.

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

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

CLYDE SAILOR: It's a tradition.

MR. VOWELS: I like it very much.

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

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

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

JUDY HESS: No sir, we don't.

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

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

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JUDY HESS: Any other?

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

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

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

JUDY HESS: I really could not answer that.

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

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

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

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

JUDY HESS: John.

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

1 bit tight, but we did not see any
2 problems with it.

3 JUDY HESS: Other questions?

4 GREG ALBERS: I just have a
5 quick comment I'd like to make,
6 while I've got the opportunity,
7 I'd like to thank the citizens of
8 Harrison County that participated
9 in this, the Evaluation Team, ~~the~~
10 the Task Force. I think if there's
11 been a difference between what you
12 see here and what you've seen in
13 other places it's been because we
14 have had such citizen involvement
15 in it. And I just want to
16 publicly thank them.

17 MR. THAR: A quick follow-up
18 on Dr. Ross's questions.

19 JUDY HESS: Sure.

20 MR. THAR: Notwithstanding
21 the fact that minorities might be

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

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

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

John.

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

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MR. KLINEMAN: Anything further?

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

(RECESS)

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

Good morning.

BOB STURGES: Good morning. Chairman. Chairman Klineman,

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Members of the Commission, and Staff. My name is Bob Sturges, I'm President of Carnival Casinos. Thank you for giving our team the opportunity to appear before you this morning, describe our proposed project for Harrison County, a project we are all extremely enthusiastic about. In a former life, about twenty years ago as a Prosecutor in the New Jersey Attorney General's Office, I used to love the advantage of speaking last to the jury, having that final word. In this process we don't have that advantage but we think and we hope that what we have to say to you here today will nonetheless have a lasting impression because we believe that we have something exciting and important to say.

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You'll be hearing from four companies over the next two days. They're all certainly competent to run a riverboat in Harrison County. The question is of course for the Commission to determine who is the best applicant for Harrison County. We stand before you today ready to be carefully evaluated and judged. Our application is, uh, the applicant company is Harrison County Gaming which is comprised of three entities: Carnival Hotels and Casinos which has a majority interests; Mount Albany Gaming which owns thirty percent which is owned by the Johnston family represented here today by the President John Johnston; and twenty percent owned by Hoosier Gaming comprised exclusively by Indiana residents.

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These are the individuals you'll be hearing from today during our sixty-minute presentation or maybe sixty-three minute presentation, hopefully sixty-minute presentation. And the only part of the large group of individuals who have been working so hard to make our casino jubilee project a reality.

This phrase "Carnival Delivers" captures in two words the essence of one of our most important messages here today. Not only is this phrase literally true since Carnival delivers millions of cruise ship passengers annually, millions of airline passengers annually on Carnival Airlines, and delivers hotel services to nearly six million hotel guests annually, but

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

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

(VIDEO PRESENTATION)

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

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people. That company is Carnival. And over time it has become the most popular cruise line in the world. And indeed the largest cruise company on the planet. At about the same time Carnival was born, the Continental Companies was founded to develop and operate hotel and resort properties. The two companies joined forces and today Carnival Hotels and Casinos is one of the largest management companies in the country, with over 2.5 million dollars worth of assets under management and development. Carnival Hotels and Casinos is an international hospitality and entertainment company, formed to bring the Carnival formula for success and profits into the management and development of resort gaming

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properties.

Carnival's family of companies starts with Grand Carnival Cruise Line that hosted over one billion passengers last year on its fun ship fleet. Holland America is a five-star classy cruise line whose name has been associated with quality around the world. Seaboard Cruise Line, the best of the best, among the most luxurious anywhere in the world. And Windstar, a cruising adventure that is truly unique, caters to an emerging market of upscale cruisers who desire luxury without formality.

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

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

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serving over five million guests a year, including full service hotels, all suite hotels, five-star resort properties, vacation resorts, limited service facilities, conference centers and casinos. There is currently a riverboat operation in Louisiana and new casino complexes in Canada and Massachusetts will soon come on line. Because of our diversity, our knowledge and hands on experience in so many of the travel facets and leisure industry, we bring a broad team of experts into everything we do. Cross marketing, volume purchasing, and increased financial strength come from these capabilities. Our successful associations with the top hotel and resort companies in the world showcase our strengths.

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Carnival's track record in the casino business is impressive both at sea and on land. Relationships with international governments reinforce the fact that Carnival is a name to be trusted. A company that values integrity as much as it does in special franchise on creating a fun, family oriented and leisure environment. Here you'll find tighter controls, employee training unsurpassed in the industry and stringent financial security and operational control. It's an approach that is not Las Vegas or Atlantic City; it is an approach that is Carnival's and Carnival's alone. The way we do business, Carnival is your kind of fun.

(END OF VIDEO PRESENTATION)

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And now it's my pleasure to introduce the Chairman of Carnival Hotels and Casinos, a man who has been a director of Carnival Corporation from the day the Company went public, almost nine years ago, a man with over thirty (3) years of experience in the travel and leisure industry. It is safe to say that there is no business leader in Miama, which is our home, who is more committed to the betterment of our community. The most recent example is his chairmanship of the performing arts foundation which is currently developing a two hundred million dollar art center in Miami. He has been active for forty (40) years in Big Brothers Big Sisters and served on the national board and in 1994 he was named

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South Florida's Tourism Professional of the Year. These are just a few examples of his many professional and civic accomplishments. All of us at Carnival Hotels and Casinos are proud to follow the lead of our Chairman and to live on a day-to-day basis the values and priorities he has established.

SHERWOOD WEISER: Thank you, Bob.

Good morning ladies and gentlemen.

In an experienced international hospitality and entertainment company, we're prepared to invest our resources and experience in a world of business, tourism, hospitality and gaming in Harrison County in order to develop an outstanding entertainment casino re-

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sort in Indiana. I think relationships are extremely important to our company because much of Carnival Hotels and Casinos success has been achieved because of our ability to develop long-term relationships, with key partners within the industry and relationships that have lasted for more than twenty-five years. One of these partners, Carnival Corporation holds a position in travel and tourism that is unmatched in the industry. Carnival Hotels and Casinos is one of the country's largest hotel and casino management firms that enjoys the solid partnership of the Carnival Corporation built on many years of trust and integrity, and together today we enjoy one of the most successful track records in the history of our

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industry. Let me say to you that the strength of our company lies in its foundation. When my partner and I founded the Continental Companies in 1970, to manage and develop hotel resort properties, it was an experience for us and the beginning of a career. In the mid-1980's I was pleased to join the board of directors of Carnival Cruise Lines when Carnival became a public company, and today that company is over eight billion dollars in the marketplace. Continental and Carnival joined together in 1994 to form Carnival Hotels and Casinos and today our company offers all of the resources of a major international tourism company, including special marketing, management arrangements with

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

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casinos and riverboats. Lucaya Beach Resort and Casino, the Condato Beach Hotel and Casino, LaRose Anautica, the Casino Rouge, and the yet to be opened this summer, Casino Rauma Resort just north of Toronto. We're extremely proud of the fact that the professionals make up our gaming division, they come from a long hard start of the business, and they bring with them a level of integrity and respect to our gaming operations that's unparalleled in the industry. Led by Bob Sturges, former director of gaming enforcement for the state of New Jersey, who brings with him an outstanding knowledge of the gaming business. We also act as gaming commissions to several foreign governments, as well as

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native American and first nation organization who would look to our company for our expertise in responsible and regulated gaming. I think that a large part of the success if you will and integrity of the Carnival organization has been based on a solid foundation of core values that include a strong commitment to the people and the communities that we serve. Mick Ayers and I do agree that most important investments our company can make are those that are made in our employees and in the local communities that we serve, and as a result the Carnival family has donated more than thirteen million dollars to civic and charitable organizations within the past two years. I dare to say that these donations

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have helped the arts, cultural, educational and charitable efforts in our home base of Miami and in the cities and counties all across this country in locations where our hotels and casinos or cruise ships are based. Today the Carnival family of companies comprises one of the largest, most successful organizations of the travel industry. From cruise ships to tour companies to airline, rail carriers and hotel and casino operation, Carnival is known throughout the world as a leader in travel and entertainment. We are genuinely excited about this opportunity to bring all of our resources to bear upon this project, and by combining our strengths in both gaming and the hospitality industries,

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we believe that Carnival Hotels and Casinos offers to Harrison County the best of all worlds. Carnival's strength comes from the marketing of our project and our products to the heartland of America. And what all of this finally comes down to is the way we market and what we deliver to our customers, it's the Carnival style of fun.

(VIDEO PRESENTATION)

Before Carnival jump-started the modern era of vacations at sea, cruises were thought to be reserved for the wealthy, a way people could travel to Europe without having to fly. Stuffy, expensive, elitest. Carnival changed all of that. What makes Carnival's fun ships

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the most popular in the world?
"IN the morning, in the evening,
ain't we got fun. Not much money,
oh, but honey, ain't we got fun,
the food is great here, there's
never a bill, we'll stay up late,
dear, it's such a thrill. Sunny
weather, all together, we've got
the fun."

Fun, that's what makes
Carnival's fun ships the most popular
cruise ships in the world.
Carnival created the fun ships and
built a brand associated with fun,
entertainment, letting yourself
go, as well as value.

"I'd skip Vegas and come here
if I had my choice. I mean I
have a ball. I have a ball."

Carnival's brand of fun
derives from a product that caters

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to a wholesome image, one that has reached every market in the country. Magazines, in newspapers, on television.

"We are recognized for what I believe that this ship had an atmosphere different than the competitors." People are staying up later at night, people are having a better time, we are attracting a younger crowd, and crew members and bartenders started coining the phrase "heartship" and I believe Bob Sturges from the crew, picked it up and this is what happened in the product that was built was remarkable, and recognize what has happened and to"

Carnival's approach to the gaming industry builds on our approach to fun. Fun is big, color-

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ful, festive; that's how Carnival
builds cruise ships. That's how
we build riverboats.

"This casino makes you feel
that everyone here is your friend,
that you've known them, that they're
not complete strangers. If you
need anything they're right there.
It's just, it's just like you've
become a part of a family while
you're here."

Carnival and fun, a concept
that we are proud to call our own.

(END OF VIDEO PRESENTATION)

BOB STURGES: This is also
the concept of our Indiana project
which we are calling: Casino Jubilee,
named after one of our finest cruise
ships, because we intent that our
Harrison County project will mirror

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the value, the style, and most importantly the entertainment experience for our guests that has made Carnival so successful. In designing our project we wanted an exterior that would blend in with the fabric of the community and the site. The exterior is therefore understated and traditional. First and foremost in designing this project we wanted to provide as many entertainment options as possible. When we envision our project with a casino, we don't just look at slot machines and table games, we look at all the amenities. And they aren't just after thoughts. They're an integral part of the product that we want to deliver. This is why we have proposed a five thousand

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seat amphitheatre which is depicted in the lefthand corner at the top of this rendering. As well as an eight hundred seat showroom. Later on we'll talk about a dramatic step we have taken to ensure that the entertainment at the Casino Jubilee will always be nothing short of first class. We've designed a five-hundred-room resort as shown here in the rendering, with two-hundred rooms in the first phase and every room will have a view of the Ohio River. This hotel will not just be a bedroom for the Casino; it will be a destination resort with a fully enclosed pool, spa and exercise room, tennis, marina, and expansive meeting spaces for business or social functions. We have also

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planned an eighty-five thousand square foot dining and entertainment pavilion complete with a veranda overlooking our marina and the Ohio River, a two-hundred and fifty seat per bed, a hundred and fifty seat fine dining restaurant and casual dining in our Winner's Circle Cafe. We have also planned for a coffee house, lounges and five thousand square feet of festive retail, all in our entertainment pavilion. Our guests will have the option of boarding our riverboat from an enclosed walkway directly from the entertainment pavilion, or in warmer weather after a stroll along the riverside board walk they can enter the riverboat from that side as well. Our one hundred and fifty acre site is

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nothing short of spectacular from every perspective. We will enjoy outstanding access at the Intersections of State Road 111 and 211, less than fifteen minutes from the Sherman Minton Bridge. We will be able to offer our guests four thousand on-site parking spaces which always is a clear preference to parking garages. We have reserved thirty acres on the southern portion for future development. The interior design will reflect the festive and relaxed atmosphere that is characteristic of all Carnival products. In the surrendering of the entertainment and dining pavilion we see our Jubilee Java Coffeehouse or Winner's Circle Cafe and an open circulation area where our guests will interact with mims and jugglers and magicians with music - live music -

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

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feet and our starlight ceiling panels will further establish an airy and comfortable environment. To further score our commitment to our guests and their comfort we have spread our twenty-three hundred gaming positions over fifty thousand square feet of gaming space. We have fifty table games and two thousand slots, giving us a very comfortable ratio of almost twenty-two square feet per gaming position. In keeping with the Carnival philosophy we have dedicated space on the riverboat for entertainment and a lounge area, in order to fully carry out our commitment to maximixe the entertainment options available at all times, even when our guests are on the riverboat. We intent to

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

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tion is well known for, it's our ability to sell, market and promote. The senior vice president for sales and marketing of Carnival Hotels and Casinos is a twenty-five year veteran to the travel and leisure industry. He's been with the Carnival organization for six years. His name is George Brennan

GEORGE BRENNAN: Carnival is the most popular cruise line in the world. You've heard it many times but it's more than just an advertising slogan. The Carnival name is in fact the most recognized cruise/land name in the world. And it's success was achieved by appealing to the broadest possible constituents. Middle income America. These are precisely the type of customers that a success-

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ful casino here in southern Indiana will have to appeal to. Over the next two days, you will certainly hear and perhaps see, a number of large data bases. We'll have our to point to as well. Carnival company carries over a million cruise passengers a year and over two million airline passengers per year, but what do they really mean to a casino that is located in southern Indiana. Carnival's difference is a number of those customers live right here in the area. As you can see, over a hundred thousand Indiana past cruisers and fifty-six thousand Kentucky past cruisers live right here in the area. Ninety-eight percent with a favorable customer rating. When you consider multiple

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

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resort we have dedicated fourteen million dollars to visible media and sales promotion. A fully integrated launch that covers all aspects of media throughout a wide region, plus direct marketing programs that recognize repeat customers. It was exactly this type of marketing effort that produced success in Baton Rouge and captured sixty percent of the market while we invested less than a third of what our competitor did, and along the way we contributed half a million dollars to charity and civic entities and spent fifteen million in purchases locally. We'll bring that same level of expertise in a parallel effect to the resort to this developed Casino Rouge. We are after all one of the largest

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management companies in north America. There are times we say with fun that Carnival is the company that took a product that had been reserved for wealthy newly-weds or nearly-deads and brought it to millions. But after all that's exactly what we are talking about doing to make Casino Jubilee a success.

An issue that doesn't get enough attention when discussions of riverboat are taking place is the fact that a safe and secure vessel has to be professionally and efficiently built. I can safely say that no leisure company in the world has successfully built more vessels, more boats, more ships. Over the past six years Carnival has developed and brought

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into service eleven (11) new cruise ships, representing an expenditure in excess of three billion dollars with another two billion dollars of new ship construction planned for the next five years, as well as developing and delivering our highly successful Casino Rouge Riverboat in December of 1994. In 1994 and 1995, the Carnival organization built two (2) three hundred million dollar cruise ships side by side. Delivered both ships on time and on budget. And this fall Carnival will take delivery of the Carnival Destiny which will be the world's largest cruise ship. One hundred thousand tons. Cost of four hundred million dollars. With a capacity of three thousand passengers. Heading off our Casino

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Jubilee Riverboat construction will be Carnival Technical Services. The same Carnival division which supervises all ship construction. And with us today is Steve Payne, senior naval architect of Carnival Technical Services. Our contractor will be Chicago Bridge and Iron, a company with a great deal of experience in building riverboats and especially experiences in building riverboats on site. We have listed as team members two Indiana union organizations. Unlike other applicants we have planned to build our vessel on site for months, and we have reflected that in our submission to you. Although there may be some eleventh hour converse to this approach among the other applicants we take pride in the

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

(VIDEO PRESENTATION)

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

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Illinois. Our rail experience got rolling back in the war days when we built a hundred and fifty ships in a three year period and since then we've done another fifty marine structures throughout the world. We've worked on projects in excess of a billion dollars. We take pride in every one of our projects because we put the CBI name on it, we want a first rate product that's delivered within budget and on time. The primary economic benefit that Harrison County is gonna see out of the project is the creation of a hundred and fifty union jobs with the construction of the riverboat, with an annual payroll of eight million dollars.

We're the Boilermakers of Local

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374 and International Brotherhood of Boilermakers, believe that the Carnival project that's been proposed in Harrison County, Indiana, provides the greatest economic impact not only to the Boilermakers of Local 374 but to the local community and the State of Indiana. It will generate more jobs, will increase the tax base and provide a better life for the working people in Indiana and in particular Harrison County.

The quality that the Local Boilermakers of Local 374 produce is unmatched by anybody. I mean we're -- our common arc welders are tested. These men come out and they do quality work and they're gonna take a lot of pride in this project because it's gonna be built

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locally, so every time they or any of their friends step foot on that boat they know it was built by them. And that's all we have to sell is our skills. And quality is number one with the Boilermakers.

CBI is a can do company and we've brought projects in on time all over the world and time and time again. You can just ask the people of Elgin, Illinois.

The thing that we're so proud of is that the idea started here, the construction took place here, it's all part of Elgin, Illinois, and we watched it happen and that makes all of us feel very good.

It has been a first class development from day one.

I'm a former Navy man and I had never seen a boat launched side-

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ways and this was exciting. They had people all over downtown atop rooftops and hillsides and the benefits for our community from day one have been very significant.

Carnival knows how to bring people on their boat. We know how to build them.

All four Harrison County applicants can legitimately claim tremendous benefits to the Indiana economy as a result of their projects. What we are proposing will result in an additional forty-five million dollars of benefits to the Indiana economy above and beyond what any other project can claim. This on-site commitment will result in more than a thousand additional direct and indirect jobs for Hoosiers. It will result in millions of addi-

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tional dollars to Indiana businesses, and it will also give us greater control over the development of the riverboat. We can do all this because of the tremendous site that we have, because of the extraordinary expertise for the Carnival organization and because we are completely satisfied that we have selected a general contractor that is more than capable of carrying out this mission.

I'd like to ask Bob Trinkle, a lifelong resident of southern Indiana who has been working with us on this project for more than two years, to talk further about other commitments to Indiana that the Casino Jubilee project is prepared to make.

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ROBERT TRINKLE: Good Morning.

I'm proud to be able to tell you about our proposal for the Harrison County Civic Foundation. In 1913 my great-great-great grandfather Dennis Pennington, laid the foundation and then built Indiana's first State Capitol here in Corydon. It was built for a staggering three thousand dollars. Casino Jubilee will put that same sum, three thousand dollars, into the Harrison County Civic Foundation every six hours, twenty-four hours a day, three hundred and sixty-five days a year. The first year we'll contribute five million dollars upon issuance of a certificate of suitability. That's thirty-two million dollars over the first five years. These percentages show

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

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will be staffed technically and artistically by students and faculty from all of Indiana's Universities and Colleges as well as high school interns from all over the State. Two of our guests here today are Dr. Lewis Hackleman from Indiana State University's Theatre Department and Professors John Finnigan and Susan VanDyke from Indiana University Southeast Theatre. We have detailed our plans to the Indiana Theatre Association and will use them extensively for recruitment. In talks I had with the Indiana Arts Commission we discovered a unique niche to fill. So, again, we will reach out to all of the visual artists in Indiana and make our boardwalk available for exhibitions featuring Indiana sculptors, potters, musicians and

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

(VIDEO PRESENTATION)

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VIDEO: "REGIS PHILBIN,
ENTERTAINMENT CONSULTANT"

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

Casino Jubilee is a concept

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that is perfect for Indiana. It's not just a haven for elitest designed to appeal to high rollers who jet in and jet out; it's not only for a select few who can afford a luxury resort, although we will welcome them with open arms, it's being designed just as Carnival has built its cruise business all of these years; a product with value and appeal to what the great majority of Americans want and can afford. You know, it fits the Indiana landscape; it's compatable with the American lands We at Carnival have always said: "Create entertainment and they will come." And boy have they. We've been entertaining audiences now for over twenty-five years three hundred and sixty-five days a year.

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We know how to make people have fun and that's why they keep coming back year after year. You see, we're not just giving Harrison County a casino resort, we're creating a leisure and entertainment destination where people will want to go and a place Indiana residents will want to visit, often, and bring their friends. A fully integrated entertainment complex with an eight-hundred seat theatre that can host local, regional theatrical performances. It can even be used for meetings and conferences. There will be a marina with permanent slips and strips for visitors. A beautiful boardwalk and an amphitheatre that will host world class entertainment. We'll put on marvelous shows and

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

Thanks.

(END OF VIDEO PRESENTATION)

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

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

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

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

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Arnie Wexler is a recovering compulsive gambler who served for twelve years. When I knew him as a regulator on the New Jersey Council on Compulsive Gambling, including eight years as an executive director. He's a national spokesperson on this issue and he served on the National Council on Compulsive Gambling for twenty years.

(VIDEO PRESENTATION)

"ARNIE WEXLER, COMPULSIVE GAMBLING EXPERT"

I'm Arnie Wexler, of Arnie and Sheila Wexler Associates. We're experts in the field of compulsive gambling. We do educational workshops across the country to make people aware of the significance of this issue. I have

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worked with Carnival Cruise Lines for more than ten years providing training and consultation. I don't know of any gaming company that's more concerned with their communities or has a better social conscience. Carnival is at the forefront of being this leader in taking a responsible position on these sensitive issues.

(END OF VIDEO PRESENTATION)

CINDY DEMEULES: Good morning. I'm Cindy Demeules, Vice President of Human Resources for Carnival Hotels and Casinos. I would like to address Carnival's experience and commitment to reaching into the community to communicate to Indiana and Harrison County residents the job and vendor opportunities that we will bring to the community. We do this through a series of job fairs, local and

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regional programs, school and organizational meetings, as well as utilizing programs for hiring disabled. We have found through experience that this process allows everyone an opportunity to review their skills and backgrounds against the jobs that we have available in the casino and hospitality industry. Our expertise in this area was evidenced recently by the mass hiring that we did in our Casino Rauma in Ontario. We interviewed over forty thousand applicants in a period of four weeks, in a process that allowed each person an opportunity for a personalized interview. Another way in which Carnival is committed to ensuring the economic benefits of Casino Jubilee are open to the

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community, the store and vendor preference program. We have developed a program that has already been successfully implemented in our Baton Rouge and Massachusetts projects which we are able to immediately implement upon receiving the certificate of suitability. This program will not only identify existing local vendors but will also develop small business assistance programs for local companies interested in developing to meet the needs of Casino Jubilee. This brochure is included in your handbook and it outlines some of the goods and services Casino Jubilee will require. We not only hire a world renowned staff, we also provide additional and ongoing training and development. In partner-

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

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

CASINO ROUGE: A CASE STUDY
IN CULTURAL DIVERSITY

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

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Baton Rouge. The Louisiana River-boat Commission established that Casino Rouge should maintain a work force of eighty percent Louisiana residents, thirty percent African-American and fifty-two women. Because of Carnival's commitment we were able to hire and currently maintain ninety-eight percent Louisiana residents, fifty-three percent black and fifty-five percent women.

Secondly, the Gaming Commission issued goals that riverboat purchase goods and services from women, minority owned businesses at a rate of ten percent each. Since our opening we have developed a business relationship with sixteen point seven percent African Americans and seven percent women.

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Additionally, Casino Rouge developed a minority advisory committee made up of five successful black business people from the Baton Rouge community. This committee is the only act of its kind in the state. It is chaired by Dr. Leon Tauver, the Vice Chancellor of Administration at Southern University. He has since opening been appointed to our three-member board of directors. In my almost twenty-four years in human resources I have heard others make commitments with no intent to achieve goals. Since my first introduction to Woody Weiser and Bob Sturges I have felt an assurance and an intensity that they will do exactly what they commit to do. And they give the employees the necessary

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

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

FRANKLIN BRECKENRIDGE:

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

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Indiana, Ohio, Illinois, Michigan,
Wisconsin, Kentucky and West Virginia
on the NAACP National Board of
Directors. The overall purpose
of the NAACP is to eradicate racial
discrimination in the United States.
The NAACP believes that racial
discrimination cannot and will
not be eradicated until African
Americans and other minorities
become fully integrated into the
business institutions and the
economy in this country. One of
the means by which the NAACP ac-
complishes this goal is through
our fair share program. Through
our fair share agreements we ac-
complish our goal in four ways.
First, assurance in affirmative
action hiring and promotions;
assurance of affirmative action

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

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

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

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

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sites investigated and rejected by Johnston included those which will be presented to you this week. This site demonstrates constructability as it shows the condition of two upstream sites in January of 1996. The next slide is the condition of the Casino Jubilee site on the very same day, essentially dry. The ability to cruise is another factor in site selection. Along the most upstream property, the proximity of the Kentucky boundary to the Indiana shore, and the location of State Road 111 immediately adjacent to the bank pose a problem. The combination of these factors led Carnival to conclude that you could not safely cruise this location. The next downstream site is low lying and narrow, restricting size

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and flexibility of any project. Casino Jubilee site on the other hand encompasses a hundred and fifty acres of flat, open ground, and it's not constrained by State Road 111 or any other visible obstruction. This gives Carnival the unique ability and flexibility to give you the project which it promises. It also has a convenient flood free alternative to State Road 211. As you know, the dollar size of a project is not a true measure of potential for success. The benefits would result from having the best site are real, they are reflected in the construction costs and their ability to deliver that which you promised in a reasonable time frame and that's a subject that's not lost

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on this Commission I'm sure. A couple of simple factors illustrate the point. First when you have a lighter, higher and dryer site you're able to develop your site much cheaper. Much more cheap. Also, we have an ability that of on site parking, if we were to have to build a parking garage it would cost an additional ten, thirteen million dollars. These are very tangible benefits which come from having the best site. The site also provides a distinctive advantage of permitability, permits you have heard the complexity of the regulatory system for about two years now from just about every applicant. It seems that every applicant, everyone who has received a certificate of suitability has

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

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

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one can predict exactly how long the permitting process will take. We know that. An application who -- an applicant who has done his homework though, an applicant like Carnival, can predict there will not be any surprises. Carnival can deliver the site as promised, the project that's promised within a time frame that it promises. I now turn to Jack Rauen who will discuss some financial issues.

JACK RAUEN: Good morning. The core principal employed by Carnival Hotels and Casinos in preparing financial information is to be straightforward and credible. No pie in the sky projections, no financial gimmicks. These are principles that have served us well in Louisiana, Canada and else-

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where, they're principles that we have employed in developing our operating projections here for Harrison County. We have studied our market. We know it well. Our core market in the first year alone from zero to fifty range, including Louisville, we expect to deliver to our site two point eight million gaming business. Our secondary market, a hundred miles out including Indianapolis and Lawrenceburg. We expect to deliver an additional half a million visits, and our tourist market beyond a hundred miles. We look for an additional three hundred thousand gaming visits, giving us first year visits of three point six million. At an average win per visit of forty-nine dollars

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this translates into a hundred and seventy-six million in adjusted gross receipts in the first year. Now, these revenues won't just fall into our laps. Significant financial outlays will be required. Besides the matters such as bet service, capital improvements, and income taxes, our operating plan provides for sixty million dollars in year one gaming taxes and community incentives. Forty million dollars for payroll for our two thousand employees, and thirty-eight million dollars in marketing costs to provide a value oriented experience for our guests. Credible financial projections, appropriate size facility and capitalization, in our opinion, equate to long term financial stability for this pro-

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ject. Now, much has been said about the size of the various investment proposed for Harrison County. This one is the biggest. This one is the smallest. We've been hearing this for months. In our opinion, there are a number of factors that need to be considered when comparing the applications. Steve Smith just mentioned that some of our competitors will face up to twenty-three million dollars in additional site development costs. Because of the damages to our site we won't. Land is another is another issue. We valued our land at cost; three million dollars. Some of our competitors have elected to use arbitrary market values creating up to a seventeen million dollar difference in land values.

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

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

Financing has never been a

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problem for a Carnival project.
Our most recent successes include
a hundred and fifty million dollars
being raised for our Casino
project, we were selected by the
Province of Ontario to develop the
first casino in the Toronto market,
in a very expensive competition,
and that casino will be opening
up in July of this year. We raised
our fifty-one million dollars for
the Casino Rouge project and
Carnival has raised over three
point three billion dollars for
shipbuilding over the past six
years. Our financing plans for
the Casino Jubilee are as follows:
Approximately thirty-five million
dollars in cash; fifteen million
dollars in lease financing; and
a hundred and five million dollars
in debt financing. Our friends at

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Bayer Stearns with whom we have a long history, have advised us that raising a hundred and five million dollars in project debt for this project will be no problem whatsoever. We began our presentation today with this phrase: Carnival Delivers. And with this list of special qualities that we can bring to Indiana. I think we talked about our unique approach to the gaming business which is backed up by the strength of our marketing prowess. We not only know how to put people on boats, we know how to build them. I hope that we've shown you that we are also a company with a social conscience. We talked about our tremendous site that is the least likely to run into problems during

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this development. We have given you numbers that are a product of sharp pencils and conservatism rather than rose-colored glasses. We told you how this project would be financed, something Carnival has never failed to do for any of its projects. We've also described why we feel that the Carnival family of companies produces and sells your kind of fun. We sincerely believe and we hope you agree that you'll find that we're your kind of company too. You heard from our team today about who we are and about what we intend to do. Let's hear from some others about how they feel about Carnival and what sets us apart from other companies in their minds and in their hearts.

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(VIDEO PRESENTATION) ~~CONFIDENTIAL~~

~~CONFIDENTIAL~~ "CARNIVAL DELIVERS"

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

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lot for the City of Baton Rouge as well as the jobs that it's provided for the people in Baton Rouge.

When Carnival was selected at the back in October, 1995, there seemed to be jubilation about the ship but in our community as well as the surrounding community, that a recognizable name in the entertainment family field was going to be a partner with this community. So they were very, very excited and very, very appeased and I think a lot of people have gone out of their way to find out what exactly Carnival Hotels and Casino Entertainment Corporation stands for. And, really, when they do their research they find out it stands for goodness and wholesome

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and fun and, you know, leadership in the business environment.

"I've been to Carnival Resorts so I have a little bit of background there so I know they're always clean, they're first class, their people are very enthusiastic about what they do. They make you feel good about being there, make you feel good about going back. They give you everything that you could possibly want without asking. We trust Carnival. We know that this is your business and we know that you know how to handle this. And therefore it was very easy for me as President of the Chamber to get behind this and say: We are going to be able to capitalize on this wonderful thing. Leave the logistics up to you. We know now

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how to get the people here, what we have to do is help get the people to stay here, and that's exactly what we intend to do."

"As a business man in Harrison County and more specifically in Corydon, Indiana, when I have been to Carnival Entertainment Industries, why I think of someone that I've seen on television's advertising and as far as I know it has a lot of integrity and I think it seems more like a family oriented corporation than some of the others you see advertised, and I know I would enjoy going on that Carnival Cruise Line. I've been on one before but I think that these are more the like family type of entertainment and which I, it would be hopeful that that could

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

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

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

(END OF VIDEO PRESENTATION)

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SHERWOOD WEISER:

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

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

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gaming company. And we bring that point of view, if you will, to our gaming business.

The Carnival brand name is as well known of a name in this country today as coca-cola and I think it's well thought of. And the important part of that is that we take this asset very seriously. We only look to do projects that will enhance that name and will further the Carnival image. And so, although profits are very important to us as they must be, it's not the most single important part of our company. But meeting and delivering our commitments and enhancing the Carnival name, that is extremely important to us.

The Casino Jubilee project

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really puts us on the line. It puts the Carnival name on the line. And it puts it on the line in Harrison County. We really cannot afford to fail if we get this project. Many of our customers, many of them come from this area, they come from the heartland of America, and we provide them with a wholesome, well rounded entertainment and resort experience. Having been raised myself in the midwest, I think I know firsthand that the fabric and the very core of values of this region, and I think that we have essential and compatibility with the heartland of America and the Carnival fun experience is one that I think each and every one of us can understand. I think Regis really said it much

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better than I can say it. I've been in this business for some thirty-five years and I think one observation that I'd like to make for you, and I think it's fair for me to make, and that is that you have four capable companies coming to Corydon. You have a real chance, however, to make a choice because they are different companies and they choose and they bring -- you choose and they bring different products to you to choose from.

I think lastly I'd like to leave you with these thoughts: If you think our land, if you think our project, including our amphitheatre and all of the other facilities that you heard about are best for the development, if

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you think that our programs are right for this area, if you like our capabilities and you like our values, if you like what we presented to our customers as part of Carnival experience then we are right for the -- we are the right company, if you will, for Harrison County and we're right for Indiana and we ask you to select us for that reason. I assure you of one thing that if we are selected we will fulfill to the letter every promise and commitment that we make to you. You can rely on this. You can rely on Carnival to deliver and I tell you we will make you proud. Thank you very much.

(CONCLUSION OF CARNIVAL
PRESENTATION TO THE COMMITTEE)

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ALAN KLINEMAN: Thank you, gentlemen.

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

(LUNCH RECESS)

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

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told us what they are going to do, but we didn't receive any information on the quality of the jobs vis a vie the salary and benefits and so forth that you would expect to have realized at this project.

MR. STURGES: I'll refer that question to Art Frank, he's our Senior VP of Gaming Operations in Miami and prior to coming to the corporate office Art was the General Manager of our Casino Rouge project in Baton Rouge.

ART FRANK: Thank you. Our compensation will average approximately twenty-one to twenty-two thousand dollars per year per employee; that's without benefits, that is inclusive of tips. With benefits you can add another five to six thousand dollars a year.

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Our benefit package will include a full health plan that will also include dental, vacations, sick time, maternity leave, holiday pay, 401K plan as we have in Baton Rouge. As we have in Baton Rouge, we'll pay in line with industry standards and actually in the State of Louisiana we're actually a little above the average.

MR. KLINEMAN: And what percentage of the twenty-one or two would say is the tip portion of it?

MR. FRANK: I'm not sure the exact number but it's probably in that ten - fifteen percent group. It would be in the ten to fifteen percent range.

MR. KLINEMAN: And would the employees be required to pay any-

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thing on their benefit package?

MR. FRANK: As in Baton Rouge the health plan, I believe, is a fifty/fifty split, that is correct so the company does pay fifty percent of the health package.

MR. KLINEMAN: And the rest of the..

MR. FRANK: Life is free, by the way, life insurance.

MR. KLINEMAN: Okay.

(INAUDIBLE)

MR. KLINEMAN: Questions?

ANN BOCHNOWSKI: You have touched on this a little bit but I would like to know more about what your cruising path would be, how far out from your site and what the Kentucky line is, what your plans in that regard are?

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

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survey of our cruising, our proposed cruise route.

This is Steve Smith.

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

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

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

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

ANN BOCHNOWSKI: Uh-huh.

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

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

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

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inland river business but the site as per se is what you say the cruising take the boat to Louisville and back and stuff is not conducive to that in maintaining the Kentucky boundary, but I feel confident in what our plans and what we've, through the help of Steve, have analyzed that we need to do in trying to meet the compliance of the law in cruising. That effectively what we're doing right now today in the proposed plans we can do that and do it safely. And that's the important thing that people coming down to that boat, and know regardless of anything, you know, we can do the cruising bit on a safe manner.

MR. KLINEMAN: Captain, would you identify yourself for the

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

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

ANN BOCHNOWSKI: Can I follow up on that?

MR. KLINEMAN: Yes.

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

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

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

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

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

MR. MILCAREK: Right.

MR. JAMISON: We know that

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hired by Indiana and Kentucky to set the boundary line back after the lawsuit. Bill Christley went out and he worked with us to exactly establish how far that point is from a given point on the land, and you don't use the point where the water -- you go back to a fixed point.

MR. MILCAREK: It keeps moving, right.

MR. JAMISON: Right. And you go back to a fixed point. And so from that point we know that at normal pool, which is the other measurement we use because that doesn't change, we have varied between a hundred and sixteen, a hundred and eight, hundred and forty-four, a hundred and thirty-eight up to a hundred and sixty feet of existing Indiana water. The boats are a hun-

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

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

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

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

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

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was looking at the sites, he knew this was an issue. Obviously, he didn't know exactly where a point was on any given site, but he knew, uh, we had to have a site that gave us some flexibility to dig back further if need be. You know, if we do further work and we need to cut back a little further we can do that. We have the ability on the site to cruise safely and satisfy the requirements of the statutes.

MR. MILCAREK: What is the patron capacity of your temporary boat?

MR. STURGES: The decision we made regarding our temporary vessel was that hopefully upon the selection by the Commission, that we would finalize the deal on a temporary vessel. The ship broker who for the

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last fifteen years has arranged all of Carnival ship building and also helped us arrange the construction of our permanent riverboat, has been working on arranging for us to charter a temporary vessel. As of yesterday, he has advised us that there are at least five vessels available and we felt as a business matter that we should finalize those arrangements after we were selected and negotiate the best deal. We are aiming to have a temporary vessel that would have anywhere from I would say a minimum of fifteen hundred gaming positions up to what we have in our permanent vessel which is twenty-three hundred, and there are five boats that fit that category.

MR. VOWELS: This program you have which would help high school

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

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

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

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

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will have one representative on that board and the rest of the board will be comprised of four members selected from the community and that five member board will decide how the dollars best be allocated because our philosophy was that really the local folk are the people who really know where the needs are the greatest. We've set an agenda which we think addresses what we see as some of the needs in the local community and in the State of Indiana, but it really in the final analysis it will be the judgment of a five-member board that would decide how much to allocate to each of those programs.

MR. VOWELS: And the initial that you plan?

MR. STURGES: Yes, five million dollars.

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

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

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would be a minority vendor compliance officer which would do the same. We additionally agreed to create a minority advisory committee which is something that we just didn't invent for this deal but this is something that we created in Baton Rouge. I might add it was done without any government agency telling us we had to. We felt it was the right thing to do. Comprised representatives in minority community to help also advise us and oversee all of our affirmative action programs. Additionally, we have agreed to provide a hundred and fifty thousand dollars annually for the State NAACP for their use and in furthering their efforts to assure that the minority community has a stake in the commerce in the State of Indiana.

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MR. VOWELS: Were the other applicants given the same opportunity or, I mean endorsement is a pretty strong word, over a certain I was wondering whether a committee would be appointed or.....?

MR. STURGES: I honestly don't know. I really don't know if other companies would talk to -- I can only assume.

MR. DOUG BROWN: I might add here, if I might, I'm Doug Brown representing Carnival as Indiana Counsel. We've been actually working with the NAACP for a couple of years on this project concerning what their needs were, concerning what our needs were. I think one of the substantial factors in the endorsement was the tremendous results that we've had in Baton Rouge. It

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was also we were very proud of them and that they were very impressed with. Franklin Brent was the, has been the President of NAACP State-wide for now twenty years. Anybody certainly could have approached them and, you know, talked about a program like we've entered into with them. It's my understanding that did not occur. We're the only ones that approached them. And we worked out an arrangement, and we're very pleased to have them.

MR. MILCAREK: Could you cover some of the types of local vendor programs you would have such as what services to the women and the minorities provide? What do you do? What do you tell them, that you're gonna provide linen or cleaning services? How do you start by telling people,

1 how would people find out what you
2 have to offer and what would some
3 of those things be?

4 LESTER POURCIAU: I thought there
5 was a booklet that you have in your
6 books that talked about some of the
7 things in the program. We go out
8 and actively search out, we make a
9 list that's in this brochure. We go
10 out from this list --

11 MR, KLINEMAN: Would you iden-
12 tify yourself please?

13 MR. POURCIAU: I'm Lester
14 Pourciau, I'm President of Human
15 Resources at Casino Rouge. Through
16 local minority business organizations
17 we go out with this list and try to
18 help develop companies, we have gone
19 in and tried to work with them with
20 pricing, also tried to work with
21 minority companies on better suppliers

1 to get their prices down.

2 MR. MILCAREK: And is this your
3 program at Baton Rouge?

4 MR. POURCIAU: Yes, it is.

5 MR. MILCAREK: Give me an
6 example of a few of the companies
7 that you have done this with, what
8 services they're providing?

9 MR. POURCIAU: We do it through
10 local companies. Our cleaning ser-
11 vice is a company that we do it with.
12 We provided, uh, Art Frank met with
13 a company that provided the cups in
14 our slide area, their prices were
15 too high. Art went out and found a
16 supplier to supply that company with
17 a cheaper cup. They put their logo
18 on the front and sold it. We do
19 that with almost everything. I can
20 name every single vendor we do that
21 with.

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MR. MILCAREK: Do you have more than just cups and cleaning?

MR. POURCIAU: Oh, yeah, we have everything. We did a lot of it with the building of the project. We did that though I think we had a goal of ten percent and it wasn't much over that in our building budget. We went out and found and hired the companies in the community and worked with them, especially on pricing, that was the big area, worked with them to get their prices in line so that they would bid.

MR. STURGES: I might add to that: That this minority advisory council that we have established in Baton Rouge as well as what we are planning for here, is very helpful in this regard because they are representatives in the business com-

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munity that are a conduit of information about what's needed by Casino Rouge and they are part of the outreach into those communities to make sure that qualified businesses have the opportunity to become involved.

MR. ART FRANK: I'll just add a couple more specifics to it as far as goods and services, we purchase our marine fuel through a minority company, we purchase our uniforms through a minority company and some of our food comes from a minority company as well.

MR. MILCAREK: One other and then I'll stop. The admission, six dollar admission, do you feel comfortable with that? I mean it's among the highest..

MR. STURGES: In all honesty, Commissioner, the admission fee will

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

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

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

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

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Act as we see it and as we would implement it, is that it's Hoosiers first and that Indiana residents are the first and foremost goal for our project to make sure they receive the benefits of this project. Within that framework, we have set specific targets, I'm not sure precisely what the percentages are, but we have targets for minority hiring within that overall framework of Indiana residents first.

MR. MILCAREK: Along that same line, building the boat on site, there was discussion about the southern Indiana building trades and the Boilermakers Local 374; is that a local? I mean is that going to be a union hall out of this area? Mr. Maday, I believe was here to speak to us yesterday and I remember seeing

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

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

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

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

1 south as Lafayette. Zone 2 would go
2 from Lafayette to south of Indiana-
3 polis and then Zone 3 from there
4 down to Tell City.

5 MR. MILCAREK: Are there gonna
6 be sufficient people in this area,
7 or are you gonna have to bring people
8 in from outside..?

9 MR. MADAY: Well, we've got
10 about a dozen of our members right
11 here from southern Indiana sitting
12 right in the back over here. You
13 guys want to stand up and identify,
14 show yourselves.

15 MR. MILCAREK: Okay. Well, we
16 say southern Indiana and that could
17 be Mt. Vernon or that could be
18 Lawrenceburg. I mean..

19 MR. MADAY: Yeah, we have, well,
20 we have quite a few members that
21 live, uh, from Perry County all the

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

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

MR. MADAY: Uh-huh.

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

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

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primarily from the Zone 3 out of work list. And like I say, those are people, our members, that live from Perry County all the way to the east. What we do in certain circumstances is like right now we presently have a lot of the members that are from southern Indiana working up in Zone 1 because of all the work that's going on presently at the steel mills. When that finishes up these members come back down here and it affords a bigger pool of employees by having our local union cover the entire State of Indiana. But, primarily, it will be dispatched from this Zone 3 list.

MR. SUNDWICK: Do you have -- how many people are in the union, local union?

MR. MADAY: We have presently

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local members in 374 approximately
nine hundred and sixty.

MR. SUNDWICK: How many are
employed today?

MR. MADAY: Today, I would say
over eight hundred.

MR. SUNDWICK: So, somebody
made the comment that we had three
hundred union Boilermakers; is that
right?

MR. MADAY: Uh-huh.

MR. SUNDWICK: Three fifty-two.
I've got three hundred. But then--

MR. BRIAN GELKE: This is
Brian Gelke with CBI. There will
be three hundred workers on the pro-
ject. They're all Boilermakers.
About half of the project is con-
structed by the Boilermakers. They
do the steel work and then you've
got electricians, carpenters, all

1 the other duties, trades and Indiana
2 southern building trade.

3 MR. SUNDWICK: Are they all gonna
4 be union?

5 MR. GELKE: That is our inten-
6 tion to build the boat union, we hire
7 union contracts.

8 MR. SUNDWICK: So, we got a
9 hundred, what a hundred and fifty
10 then out of work. A hundred out of
11 work and we need a hundred and fifty
12 and they're gonna all have to come
13 to southern Indiana?

14 MR. GELKE: Well, let's -- can
15 you put up the chart? It may be a
16 little easier to look at the chart.
17 There will be at its peak employment
18 that many members on the project.
19 When the charts move up we'll be
20 able to see.

21 MR. SUNDWICK: So you can under-

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

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

1 boilermaker craft and then later on
2 down the project you can start to
3 bring in the other crafts, the elec-
4 tricians, the carpenters, the finis-
5 hers and the people like that.

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

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

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

18 MR. GELKE: Yes.

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

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

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

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

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

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

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

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

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

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MR. MADAY: I would say that ninety percent at least are. We have a few that live maybe over the border in Ohio or Illinois or Kentucky, but the vast majority of our members, yes, they live in local 374 jurisdiction Indiana.

MR. STURGES: Commissioner Sundwick, I'm wondering if it might be appropriate, our slide made the statement on that we anticipated additional economic benefit to the State of Indiana of some forty-five million dollars as a result of building the boat on site. I think it may be important, we're talking about one element of that is labor issue, but Crowe Chisic developed a number for us as to what the benefit would be to the State and how it all aggregates, and what I think the over-

1 riding point here is what we're say-
2 ing is I think we're making a ges-
3 ture that's gonna do a lot more for
4 the State of Indiana than building
5 a boat in Louisiana and floating it,
6 you know, floating it to the site.
7 There may be some labor availability
8 issues and by the time we're build-
9 ing the boat that labor market could
10 change. There may be three hundred
11 people who need a job at that point.
12 We can't be sure of some of the analy-
13 sis but there are some important
14 points that I think the Crowe Chisic
15 analysis shows about an on site con-
16 struction that with the Commission's
17 indulgence, I think it might be help-
18 ful for them to summarize for you
19 how they arrived at that number.

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

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

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ed by seventy percent, etcetera,
etcetera, uh, came up with a number
for the economic impact of approxi-
mately forty-five, forty-six million
dollars from building the boat on
site in Indiana.

ANN BOCHNOWSKI: Instead of all
that, when I read the Spier Report
I skip through that explanation.

MR. ROUTH: Don't say that,
they won't hire me again.

ANN BOCHNOWSKI: You know, what
specifically besides wages, hotel
rooms, restaurants?

MR. ROUTH: Right. It's hotel
rooms, it's restaurants, it's if,
for example, people did have to come
in from Evansville because there
aren't Boilermakers in the region
with the specific skill, pipefitters,
etcetera, perhaps there aren't pipe-

1 fitters in Harrison County who can
2 day commute. Perhaps they have to
3 get an extended stay room at the
4 Budgetel or somewhere, then the
5 Budgetel obviously has to hire people
6 and so on and so on. You know, it
7 is the whole ripple effect then.
8 So, yes, that is all included in our
9 economic impact number.

10 ANN BOCHNOWSKI: Material?

11 MR. ROUTH: Materials, of
12 course. And here in Indiana, we've
13 got Cummins just up I-65 which pro-
14 duces very large engines for very big
15 ships, and certainly the ripple ef-
16 fect extends that far, perhaps up
17 to Gary to produce the steel and so
18 on. There are literally, the econo-
19 mic number is a global number because
20 there are no--

21 ANN BOCHNOWSKI: I'm sure you

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

3 MR. ROUTH: I can't promise
4 anything. I can't promise anything,
5 but what I can do, what I can try to
6 do is explain to you that the econo-
7 mic impact number is a global number
8 and what we've tried to do is dis-
9 still it down to the Indiana basis.

10 BRIAN GELKE: I'm Brian Gelke
11 from CBI and we buy approximately
12 eleven million dollars worth of steel
13 from Bethlehem alone up in northwest
14 Indiana. That is the primary sup-
15 plier in this area are the mills
16 there and we can guarantee that it
17 will be all Indiana steel.

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

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

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

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

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

MR. ROUTH: Right.

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

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

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

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that we'll actually use.

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

MR. SMITH: Right.

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

MR. VOWELS: Go ahead.

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

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

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

1 site. So there are some inter-
2 facing between the activities, yes.

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

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

15 MS. BOCHNOWSKI: That was the
16 problem?

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

20 MS. BOCHNOWSKI: Okay.

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

1 the site.

2 MR. KLINEMAN: Mr. Smith, you
3 said that you don't anticipate any
4 surprises in your Corps application
5 and review, but you didn't tell me
6 there were no problems.

7 MR. SMITH: There's always
8 problems.

9 MR. KLINEMAN: Do you want to
10 enumerate the problems that you
11 assume aren't gonna surprise you?

12 MR. SMITH: Well, no, good
13 observation. That word, of course,
14 was carefully selected. No, the
15 surprises you have are if you haven't
16 done your work in advance, and you
17 start on down the road, you receive
18 the certificate of suitability and
19 then you find out you've gotta go
20 through the process that Rising Sun
21 is doing on the Rabbit Hash General

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Store across in Kentucky. We have already....has looked at everything, we don't have those kinds of things gonna pop up later. The cultural resources are exactly what you would expect to find along the river, you are gonna find some artifacts of Indians and also other three or four kinds in those kinds. That's all in the mix, in the process, so this site to the best anybody can look at, we're not gonna have any surprises. But, yes, there are a lot of things that are gonna have to start the day we get the certificate of suitability. Wetlands, we don't have a problem with wetlands. That, again even if we did, if you already know about them and already are doing your work and spending the dollars, you can take care of that

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

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

1 nice to have a site of this magnitude
2 in the event something does arise.

3 MR. SUNDWICK: I've got one
4 I'd like to ask. It's a change.
5 In your original proposal you pro-
6 posed a hundred room hotel, and I
7 heard today it was to two hundred
8 room hotel in phase I and then five
9 hundred rooms in phase II. All right.
10 Could we have somebody explain the
11 changes and how do we get to two
12 hundred to five hundred, and is this
13 for sure, or could be?

14 MR. RAUEN: Right. One thing
15 we want to be clear about and I think
16 our submission says explicitly that
17 the commitment that we are making
18 is a two-hundred room hotel. We have
19 designed our site in a way to accommo-
20 date up to five hundred rooms and
21 our business plan is that we will

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build additional rooms when we become satisfied that the demand is strong enough to handle a five-hundred room facility. And, frankly, at this point we have doubts about whether the demand would be there for a facility of that size.

MR. SUNDWICK: So the commitment is two hundred rooms?

MR. RAUEN: That's correct.

MR. SUNDWICK: And it's not in this book?

MS. BOCHNOWSKI: Yes, it is.

MR. RAUEN: Yes, it's two hundred rooms and in our project budget of a hundred and fifty million, that the cost is built into that for a two hundred room resort, not the five hundred.

MR. KLINEMAN: What were some of your projections on the number of

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patrons and had the phrase:
destination patrons, and you have to
have some place to house the destina-
tion patrons. Is there any conflict
between those figures and your two
hundred room facility?

MR. JACK RAUEN: I'm Senior
Vice President of Finance for Carnival.
With the two hundred room hotel we
have about fifty-one thousand annual
room nights and our furthest markets
are about three hundred thousand in
total in our projection of three
point six million. So we had fifty-
one thousand available room nights
for three hundred thousand visitors,
and, you know, from a market stand-
point we think that works.

MR. KLINEMAN: And what quality
of motel are you talking about? You
were using the phrase that you have

1 all of these grades and facilities.

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

4 MR. GEORGE BRENNAN: I'm George
5 Brennan, Senior Vice President of
6 Marketing. This will be a full ser-
7 vice hotel with pool and tennis
8 courts and all of the amenities that
9 you'd expect to find in a full ser-
10 vice hotel with the ability to not
11 only entertain individual guests but
12 if they, those groups who'd like to
13 conduct meetings and conferences as
14 well.

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

18 MR. BRENNAN: Well, we'll have
19 to earn the stars, but we see this
20 as the rest of our product as a de-
21 sign for the mid market that will be

1 in the three to four-star range.

2 MR. SWAN: Let me change hats
3 for just a second. Looking at the
4 ownership of the organization and
5 we have a twenty percent owner called
6 Hoosier Gaming, who it appears to
7 bring no equity to the table. I'm
8 not sure if I understand that right,
9 but I'd like to know more about the
10 partner or the partners of that
11 entity and what they're bringing to
12 the table.

13 MR. JOHN JOHNSTON: My name
14 is John Johnston, President at Mount
15 Albany Gaming. The twenty percent
16 which has been in my mind committed
17 to Indiana residents, which in our
18 mind also is probably one of the
19 greatest economic tools you can do
20 as far as reinvestment, etcetera, at
21 letting Indiana residents share in

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twenty percent of the profits of this riverboat. To date six and a half percent of the gross amount has been committed to and the other thirteen and a half percent is outstanding. The six and a half percent is going to three individuals who have been working with us for over three years. I have been going to your hearings ever since Gary. I was carefully watched how you all would like that to be handled, and your judgment on that, on those matters as well as our judgment meshed very well. The six and a half percent under your categorization would be sweat equity. It's going to three individuals who have put in literally thousands of hours on this project, they have provided time and services and their loyalty and commitment to

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this and as a result of showing our loyalty to them and we're going to return that favor for the ownership interest. The other thirteen and a half percent has not been committed. There is no search being conducted for those ownership interests because once we made our filing we did not want a moving target as far as ownership, who, when. We will guarantee that that we will conduct that search for individuals of all race and gender and age at a time when and if we were licensed. Those shares would be purchased at that point. The remaining thirteen and a half percent.

MR. SWAN: Which three are remaining? I've got a list here of several people, I'm not sure who is really in the group and who is not.

MR. JOHNSTON: Doug Brown of

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Stewart and Irwin law firm is in the six and a half percent. He has two percent. Nick Stein who's here with us today. And Fred Purpuhl has two and a half percent. He is with the Cordino Engineering Group. MS. BOCHNOWSKI: Have they provided services for this?

MR. JOHNSTON: Yes.

MR. KLINEMAN: The thirteen and a half percent that you are going to search out, these people would make an investment to be set by the group at a fixed price and that money would flow as equity into the project? I mean there's no middle man here who would be taking part of the money that the people would be putting up and then part of it would go to the entity? Would all of it go to the entity as equity?

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MR. JOHNSTON: Yes, it would.
And I repeat again it is committed,
it's not going to be absorbed into
Carnival Hotels and Casinos or myself,
it's for Indiana residents and those
shares maintain full voting power,
they're represented on the Board of
Directors, Hoosier Gaming is, and it
will be, it will flow into as equity.

MS. BOCHNOWSKI: Which board
of directors? Just for this project,
right?

MR. JOHNSTON: Just to make
sure that we're clear on that point,
the thirty-five million dollar cash
equity number that you saw during
our presentation has no relationship
to this thirteen and a half percent.
That is not a source of the thirty-
five million dollars.

MR. SUNDWICK: Well, what is

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the thirty-five million dollars?

MR. STURGES: The thirty-five million dollars is a letter in our submission which has indicated Carnival Corporation will fund up to twenty-five percent of the project costs, and the Johnston family is also making their pro rata contribution to the equity.

MR. SUNDWICK: What would that be?

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

MR. JOHNSTON: Thirteen million dollars.

MR. SUNDWICK: Is the new -- excuse me -- is the new, I think you, are you president of New Albany, is that what this is?

MR. JOHNSTON: Why don't you explain that part, how did you get involved in this?

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MR. JOHNSTON: Well, that's a longer story but it all started out, my roots come from our businesses in real estate development, horse racing and greyhound racing in Chicago and Florida. Illinois was the second state in the country to pass riverboat legislation back in 1990-1991. Partners of ours were involved in riverboat operations within Illinois. Several of them, the Empress and the organization in Casino Queen. It peeked my interest to getting involved with generally being in the gambling industry and getting involved more in the gaming industry. We were in Indiana before the legislation was even passed involved in the riverboat effort. Subsequently came to this region. Originally initiated in New Albany, Floyd County. That

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

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

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

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

MR. JOHNSTON: Yes sir.

MR. SUNDWICK: Fifteen..

MR. JOHNSTON: Six percent of
the gross.

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

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the, the sweat equity is probably there 'cause he's been to everything I've ever seen him. We've made him sweat a couple of times. Who are the other two?

MR. JOHNSTON: The other two are Nick Stein -- he's an attorney from New Albany, Indiana. He's been working on this project around July 1993, the week after legislation passed.

MR. SUNDWICK: Wait a minute. I've seen Mr. Stein some place else.

MR. JOHNSTON: Switzerland County.

MS. BOCHNOWSKI: Switzerland County. He was on the.....

MR. SUNDWICK: Well, didn't you have some interest in Switzerland County?

MR. NICK STEIN: Yes, I did and my partner left us about a year ago and.....inaudible.

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

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

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

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

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

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

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

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Fred Perpohl. He's been working with us for over a year. As you know these, uh, what I brought to the table was putting the group together, locating the land, getting the referendum passed in Harrison County in conjunction with another applicant. Those are the type things that my part of the deal was. But as you know these, in my partaking in my end of the deal we had to analyze all of the sites available and their engineering feats as you now well know and as we've seen some of these since Gary these applications, an engineering firm and the person specifically who worked with me closely on this is Steve Smith and Fred Perpohl. Fred Perpohl is Executive Vice President of the Cordino Group who has four offices, ironically

1 enough in Miami, Fort Lauderdale,
2 Louisville, and Indianapolis. So it
3 fit perfect on their group's ability
4 to work with both Carnival and myself
5 in the homework as Steve said making
6 sure this is not only a project we
7 can do but a project that can be
8 done.

9 MR. SUNDWICK: Thank you.

10 MR. VOWELS: Part of that owner-
11 ship of Hoosier Gaming are the same
12 as TN and TS LLC?

13 MR. JOHNSTON: Yes.

14 MR. VOWELS: Which are two per-
15 cent of the applicant; that's ten
16 local attorneys; is that right?

17 MR. JOHNSTON: Those are part-
18 ners in Doug Brown's law firm,
19 Stewart and Irwin.

20 MR. VOWELS: Local always seems
21 to be an interesting concept.

1 Local as in western hemisphere. Is
2 it all people out of Indy?

3 DOUG BROWN: Commissioner
4 Vowels, that is me and my partners,
5 yes, we all live in Indianapolis.

6 MR. SUNDWICK: Local around
7 here can also be Louisville, right?

8 MR. KLINEMAN: We have ques-
9 tioned the county about the emergency
10 response programs. Would somebody
11 like to tell us what this group in-
12 tends to do with respect to emergency
13 response and beefing up the local
14 teams and so forth?

15 MR. STURGES: Well, let me
16 start off generally by observing
17 that we really felt that we needed
18 to take the lead of the local task
19 force on this point. It appeared
20 the approach being taken was to wait
21 until one applicant was selected and

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

1 and agreements reached with the local
2 folk in Harrison County, and we have
3 not had those detailed discussions.
4 All we can do is assure you that we
5 will responsibly have the conversa-
6 tions and do whatever is necessary
7 to have a safe facility.

8 MS. BOCHNOWSKI: Specifically,
9 though on that, that was my question
10 too, you have this Harrison County
11 Civic Association which you're going
12 to be giving thirty-two some million
13 dollars to, and I noticed included
14 in that - and I know I went kind of
15 fast - but included in that were
16 some things for infrastructure and
17 so on and so forth. Would you be
18 willing -- and then you've got your
19 hundred and fifty-five million in-
20 vestment. On top of all that, would
21 you be willing to provide the necessary,

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

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

MS. BOCHNOWSKI: I understand.

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

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

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tions and further discussions with Harrison County.

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

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

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

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

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

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

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

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

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

MR. SMITH: Sure.

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

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

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Captain Jamison is here and he can talk about the detailed plans that are required on the boat before you ever receive your license to operate the boat. We have full-time twenty-four hours a day EMT's both on the boat and on the dockside facility.

MR. ROSS: EMT's or paramedics?

MR. SMITH: EMT's at this point.

There is a difference but these are EMT's and that's what we have at Baton Rouge. In the detailed plans as to how you take care of a critical victim between Louisville and the site or between Harrison County and Floyd County Hospital and the site, those would be details that would take time and effort to sit down and figure out, but it will be done.

MR. ROSS: Well, in Indiana you need to have a paramedic to do resuscitation.

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

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medics that we specifically would have one on board, and there is no plans that I have, you know, at the moment that we would have specifically one on there. But we would have an EMT available.

MR. KLINEMAN: I think you ought to look into that because under Indiana law you need to have a paramedic to do that.

STEVE SMITH: No question. If there is a technical requirement for a paramedic, then this facility obviously would support a paramedic instead of an EMT. And that's what I think the point this morning was made. Those kind of specific details, you've got these corporations spent a lot of money getting to today as it is, you know, with twenty-five percent chance of success. Those kind

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of plans will be done very quickly and following the receipt of the certificate.

MR. STURGES: If I could add just one observation to that, although the expertise isn't right here in this room, we certainly have available to us again within our organization the emergency response expertise of our cruise line, and you can imagine some of the logistical problems that are facing the cruise ship business with getting medical attention to people who are having medical problems in the course of a cruise. And as I said, the expertise isn't in the room but it's available to us to make sure that we don't give ourselves a false sense of security about what's available in southern Indiana versus Baton Rouge or any

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other place we operate.

MR. KLINEMAN: Inaudible.

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

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

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

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

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over the five year period, forty-nine dollars on Where does that come from? How do you -- is that a number just being picked out of the air and when you get more experience we can see it's picked out of the air? Tell us where you came up with that?

JACK RAUEN: Jack Rauen from Carnival Hotels. Our core plan is forty-nine dollars. And that's based on forty-seven dollars from the local market, more trips, less average budget. To the farther out customers come to as high as fifty, fifty-one dollars. So the first year average is forty-nine dollars. Over the years through inflation I think that probably what you're suggesting is up to fifty-one.

MR. SWAN: So are you saying

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

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

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

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

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your question directly is he has no control over those trusts. Those have been absolutely assigned so he maintains no control, economic or otherwise, over those trusts.

MR. SWAN: Essentially an irrevocable trust, do you know who the trustee is? Do you maintain trustee status on those?

MR. WEISER: No, the trust is for the benefit of his son, Nick Garrison, who is the Chairman and CEO of Carnival Corporation. And I think the assignment is in your book, as I recall.

MR. SWAN: We received the booklet....

MR. WEISER: Yes sir.

MR. SWAN: Unequivocally, he has no control whatsoever?

MR. WEISER: Unequivocally, he has no control absolutely or involve-

1 ment whatsoever, either in the day
2 to day or indirectly or in some ob-
3 scure way, he has no control, he
4 has no involvement, and it is strictly
5 now for the benefit of his son, Nick.
6 And that, by the way, only involves
7 the three point three two percent
8 I believe it's three point three,
9 or three point two two, I'm not sure,
10 interest which ultimately he would
11 have had had indirectly had he
12 stayed in for the transaction, but
13 he's not in the transaction.

14 MR. SWAN: Has he documented
15 and signed all of that?

16 MR. WEISER: All of that has
17 gone to Nick that is notto
18 zero but it is controlled.

19 MR. ROSS: I have a question
20 about the financial.. I think you
21 said your budget is a hundred and

fifty-five million?

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2 MR. STURGES: That's including
3 the first five million contribution
4 to the Harrison County Civic Founda-
5 tion.

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

15 MR. WEISER: I'm not sure I
16 grasped the first part of your ques-
17 tion, but let me just try to answer
18 your question.

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

1 you're doing about what everybody
2 else is doing, so I want to know why
3 you're a hundred and fifty million
4 and they're two hundred.

5 MR. WEISER: Well, like we
6 pointed out earlier, there are several
7 factors in carrying some of the other
8 applications that we don't face or
9 have elected to treat differently.
10 For example, Steve Smith mentioned
11 in some of the competitors would in-
12 cur twenty-three million dollars in
13 site costs that due to the advantage
14 of our site we won't incur.

15 MR. ROSS: You won't have any
16 of that?

17 MR. WEISER: We will have our
18 portion of it.

19 MR. ROSS: What is your por-
20 tion?

21 MR. WEISER: I'm sorry. We,

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

MR. ROSS: That much more?

MR. WEISER: That much more.

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

MR. KLINEMAN: Along the same

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

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

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

MR. WEISER: Uh-huh.

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

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

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If there's a boat being built in Indiana and one being built in Louisiana.

MS. BOCHNOWSKI: Right. But we're trying to compare apples to apples.

MR. WEISER: Right. To the extent that you're trying to compare apples to apples, I think your comment is right, Chairman. I think you're right. The forty million dollars as that describes is actually the differential between what they put on their budget and what our same cost for the same product will be. The next number in the statement mixing apples with oranges, if you will, is another number, significant as it is, but not significant if you're trying to separate what they built for theirs and what we built

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

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

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

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

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thirty-two million dollars worth of contributions worth of contributions to the trust foundation in the first five years. So, a hundred and fifty million dollar construction project. On top of that we have a gross value of thirty-two million dollars worth of contributions to the Trust Foundation in the first five years. So, a hundred and fifty plus thirty-two, a hundred and eighty-two. But the present value today of those contributions is twenty-six million.

MR. VOWELS: And what sort of increments are you giving money to that trust fund?

MR. WEISER: On an average, six million dollars a year.

MS. BOCHNOWSKI: What's your formula?

MR. WEISER: As Bob Trinkle explained earlier, it's two percent of

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

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

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

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

15 MR. TRINKLE: Yeah, our original
16 recommendations, and the way I under-
17 stand it's going to be now is we
18 recommended it be two county commis-
19 sioners. It would also include a
20 nominee from the Harrison County
21 Council who need not or may be a mem-

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

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

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

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

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ment agreement with the County contains if an obligation on the part of the County to maintain 501-C-3 status for that entity, so it would have to be a charitable entity doing charitable work.

MR. VOWELS: Getting back to for a moment. He's definitely out of this project?

MR. WEISER: The answer is yes unequivocally.

MR. VOWELS: Would there ever be any circumstances at which he might re-enter the project?

MR. WEISER: I can't foresee any circumstances, and if he did, I would presume he would have to go through licensing and he would have more than the required but there is no plan at all for that, and so the answer to that is none that I know of at all.

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

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

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

MR. WEISER: Always been something for me too.

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

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

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

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

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

MR. THAR: Mr. Sturges?

MR. STURGES: Do I have to answer

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that right now?

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

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

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

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

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

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

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

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

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

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

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expecting to pay for.

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

MR. STURGES: None whatsoever.

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

MR. STURGES: Exactly, that's right.

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

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

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impact your project?

MR. STURGES: We don't believe it will have a significant or material impact on our business.

MR. SWAN: Can you explain why? These are fairly close together.

MR. STURGES: Well, we've found in the gaming business that proximity to your market is really a critical fact and we just feel that our site in Harrison County gives us tremendous access to large numbers of people and would give us a tremendous competitive advantage over a facility located in Crawford County, and it would be very difficult for a Crawford County facility we believe to draw from the markets we intend to draw from.

MR. SWAN: Let's put it another way. If we award you a certificate

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

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

MR. SWAN: I appreciate that. Thank you.

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

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INDIANA GAMING COMMISSION HEARINGS

MAY 7, 1996

PRESENTATION BY HORSESHOE CASINOS (INDIANA)

2:45 P.M.

PARTIAL TRANSCRIPT OF QUESTION AND ANSWER

(THE REMAINDER OF PRESENTATION TO FOLLOW)

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

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

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proach to the project; most importantly, we liked the project itself. Jack Binion's approach is always to have top quality and give the best value. He has assembled a team for us to work with made up of the highest quality people. I've worked with them and spent more time with them in 1996 than I have with my husband and my four children, and I can assure you that what you have here before you is a very valuable project and one that is very well thought out.

The second reason that Ice Miller got involved with the Horseshoe project is because of the project itself. I was one of the chief lobbyist on the riverboat legislation in 1993 and I knew how important it was to southern

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Indiana legislators that we have destination resorts, as a result of that legislation, particularly on the Ohio. I also had observed how difficult it was to achieve three destination resorts in Indiana, but I am very pleased and very happy to be able to tell you that this is it. This is the true destination resort that was envisioned back in 1993 when the legislation was passed. This is a true destination resort because we have the right site, we have the right access, and we have the right development plan. The other thing that legislators talked to me about back in 1993 was economic impact and revenues. This project, because of its configuration, because of its site will have re-

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gional economic impact, and Horse-
shoe has gone further and guaranteed
through the revenue sharing formula
which is the most generous for
the county of Harrison County, but
also will have regional impact
because we share revenues outside
the county.

But let me go back to the
team that I've been working with.
As I've told you, they know all
there is to know about this pro-
ject, and they're the ones who
would make this project a reality
for Indiana. Most importantly,
this is the team which has made
Horseshoe the number one performer
in Mississippi and Louisiana.
For all the reasons that I've
learned since I've been working
on the project, I'm absolutely

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

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

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

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want them to come here. We want to build up so much customer loyalty and volume and even if Louisville gets gambling, we're still a viable destination. But like I said, we're gonna be the most competitive casino in Indiana.

I'm now gonna turn you over to our management team for more detailed description of our project. You know, I've been in the gambling business all my adult life. I've been the President of the Horseshoe in Las Vegas for over thirty-three years. When you've been around as long as I have you get to know good management. And with this rapid expansion of gaming, good management is in short supply. By making them my partners in the business, I've been able to put

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put together a great management team and we've been very successful in other areas. I'm really proud of them. Now, with that, I'll turn over Paul Alanis, our President.

PAUL ALANIS: Thank you, Jack.

Good afternoon, my name is Paul Alanis and I am President of Horseshoe Gaming.

The management team that Jack just described came to Harrison County two years ago. It was our mission to find the best possible site for the casino hotel development that we were interested in bringing to this community. We were not committed to any specific site and since we were the

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the first casino company to come to the area, we had a host of sites available to us. From Bridgeport to Mauckport and in between. We first focused in on the Bridgeport area; it seemed the obvious choice since as the crow flies it is the closest to downtown Louisville. However, as we studied the situation more carefully and as we talked to the local experts, we began to realize that the Bridgeport sites had problems. Problems which caused that advantage to be just that, a matter of perception, not reality. Because people cannot get to the Bridgeport area like crows do, they have to drive there along established roadways and through existing communities. And the existing congestion along

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the only road and at the major intersections leading to Bridgeport from downtown Louisville was already a problem. When you added to that the traffic that would be generated by a major hotel and casino development, we determined that we had to look elsewhere. We looked throughout the county along the Ohio River and we ultimately came to Mauckport and found the ideal site. It was flat, buildable and free from environmental problems. It had even been permitted by the Corps of Engineers for a marina development. Best of all, it has superb access, not just from Louisville but in all directions. That site in Mauckport is the site which we are presenting to you today. While admit-

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tedly, slightly farther from downtown Louisville than Bridgeport, we considered this to be immaterial. Why? Because who ever opens in Harrison County will capture the entire Louisville market. That's the easy part. The hard part is turning this project into a genuine regional destination resort. That has been our objective from day one and it was our reading of the legislature's intent when they adopted riverboat gaming and sought broad based regional economic development and tourism. We can achieve that here in Mauckport. We have over six hundred acres under our control, enough to build not only our project, but to continue to expand and improve it in the future to assure that that

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

CLIFF KORTMAN: Than you, Paul.

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

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

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Interstate 64 is a simple right-hand turn onto a four-lane divided roadway that bypasses Corydon. Just outside of principle retail community in Corydon, the road is well shouldered, two-lane and will deliver the patron approximately fifteen miles into Mauckport. From Kentucky and western Louisville patrons will cross the Matthew Welsh Bridge and make a right turn into our complex. Where these two traffic patterns merge the first infrastructure change will occur, specifically a widening of State Road 135. At this intersection, a turning lane will be provided up from the right and a controlled or protected left-hand turn lane from Corydon. As you come into the site you will be

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greeted by a divided, two-lane highway. This highway will deliver patrons to our property or to the community of Mauckport they may go to surface parking areas and to covered parking areas underneath the garage, along State Road 11, into the port a cochere drop off area here or on up Lopp Circle Road. They also will have access to this parking area here, the retail community center, and the 18-hole championship golf course. Through the use of modern technology, let me take you on a brief overview of our project.

(VISUAL ONLY)

(VIDEO PRESENTATION)

As the customer comes into the property he will have three options on parking. He will have

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the opportunity to self park in a surface parking lot, he will also have the opportunity to park in our enclosed and covered garage, or he can drop off at the porte cochere. We offer free valet parking. As you come from the porte cochere you enter our pavilion building. Our pavilion building. As you enter the pavilion building, amenities included in this area would be retail outlets, entertainment areas, a working blacksmith shop, and a museum where local artifacts would be on display. In addition, there will be two restaurants in this area. A buffet and a steakhouse for which we are famous. Immediately adjacent to this area will be meeting rooms, banquet rooms, a four-hundred seat theatre, all of

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

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cruise along the banks of Ohio, outside of the navigation channel but within the boundary of the Indiana State line. We have the opportunity to cruise down river, turn around, come back to the dock or continue on up river, turn around and come back to the dock. We have any number and variety of cruises available and the distance is approximately five miles to thirteen miles. All of this principal development here is located on forty-two acre parcel that is already permitted with the Corps of Engineers. It's correct, it's already permitted with the Corps of Engineers for a marina and site work improvements. This principal development does not have wetlands. As a matter of fact, of the six

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

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

Ladies and gentlemen, Mr. Fuzzy Zoeller.

FUZZY ZOELLER: Thank you very much.

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

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well, I have to say "ladies" because my wife plays the game too. Guarantee on this, when we design a golf course you see a lot of water and sand and my main goal and objective when we do a golf course is to think of the amateur golfer. All right. Amateur golfers are the ones who pay the bill and I want people to understand this will be a public golf course. All right. Don't get intimidated by the water. I put water in and sand traps just for the beauty as you see here. It's just to add, it's like decorating a Christmas tree, putting the ornaments on the tree, just for beauty, not to catch your wild ugly looking golf shots, or my wild and ugly looking golf shots, but strictly just for

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

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

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

JACK BINION: Thank you, Fuzzy.

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

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

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Let me tell you why we selected Horseshoe Gaming over the other applicants. Number one; Mauckport is the right location for destination resort. Nine out of ten towns in Harrison County have endorsed the Mauckport site. If you look at the county referendum the people in Bridgeport, the majority did not vote for gaming in a positive way. The people in Mauckport did. That was extremely important to us because we wanted to be involved in a project where the local community wanted our development. The second reason we selected Horseshoe Gaming was they know how to compete with the best. They are the number one riverboat operator in both Mississippi and Louisiana. Every applicant pre-

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senting today and tomorrow in
Harrison County competes in the
Mississippi and Louisiana market,
and Horseshoe is number one in
both markets. That was important
to us because we wanted a partner
that we knew could compete in the
long term. Number three; we like
Jack Binion. He's a good guy.
We've met a lot of gaming companies
their representatives over the
last three years, and he is a class
act. He believes in people and
that is the philosophy that we
believe in. He believes in his
employees and he trusts employees
to run his business. And we're
confident that with that philosophy,
that is what has made Jack Binion
as successful as he is today.
And, finally, we wanted a gaming

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

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lars in the project. We are also going to develop and lease a sixty thousand square foot community center. The community center will have retail aspects that we have Simon Property Group, the largest real estate developer in the United States to assist us in the retail aspects. We will also have community aspects to the retail set up. It will have a child care facility for employees. It will have an urgent medical care clinic. It will have a police substation. We understand what is right for large communities and what is right for small communities and we will build a community center that is right for Harrison County. In summary, I'd just like to say that after three years of

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

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

CLIFF KORTMAN: Thank you,
Jeff.

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

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rooms, parking garages, public areas. Likewise, in Tunica, we are in the throes of a major expansion there. We opened that facility about thirteen or fourteen months ago. So we're giving back and we're master planning, we're going forward with additional things. For long term planners, we're master planners. We have future plans here also. I'd like to show you just a couple of those plans. This is a five hundred room hotel. This does not include the two hundred rooms that we've already committed to build. This is five hundred additional all suite rooms. This is an expanded pavilion building, this is one hundred square feet of retail space. This is an enlarged river-

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

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

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you'd ask me on questions and answers.

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

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

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made more of a financial commitment than we. Of the hundred and ninety-seven million dollars of project costs, forty-three percent of it is represented in equity. That is eighty-six million dollars and we have already invested that money into financial institutions, the banks here in the State of Indiana, and it is our commitment to you that if awarded a certificate of suitability we will not withdraw those funds except for the specific purpose of building this project and completing it. The remaining hundred and eleven million dollars is represented by three firm loan commitments: The first is from Debis Financial which is a subsidiary of Mercedes Benz Credit; the second is from Hanwa Company Ltd., and I think it's important to note that with

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respect to these two loan commitments that these are our existing lenders. So it demonstrates their confidence not only in this project but in Horseshoe. The final eleven million dollars is represented by Equipment Financing from IGT. Now, what does this project mean in terms of what you are really interested in and that is economic impact for this area? As you can see it's nearly a half a billion dollars. And this is only the direct impact. We're not talking about all of those indirects that come in and a type of analysis, these are the direct and economic impact from our project. To see the development investment of a hundred and ninety-seven million fixed incentives of seven point six, and our revenue sharing

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

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million dollars. And what that represents is the cost of an additional two hundred all suite hotel rooms which are not part of our application and we understand because you cannot give us credit for it, but understand that in the process we have gone through with Harrison County and agreeing to a development agreement, we have agreed to build two hundred more hotel rooms, commence that construction within two years of our permanent operation and finish it one year thereafter. So that additional twelve million dollars will definitely be there. Also essential to your evaluation is what will we do for jobs in the area? And I think it's dramatic. Eighteen hundred new full-time

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permanent jobs. In Bosier City we have over two thousand jobs with a thirty thousand square foot casino. In Tunica we have eighteen hundred jobs similar to here with a thirty thousand square foot casino. We will create twenty-six hundred additional indirect jobs as a result of our being here. So job creation as a result of our project will be forty-four hundred new permanent full-time jobs. Tax revenues as you've seen of two hundred and forty-four million dollars and it's broken down between the State of Indiana which will receive a hundred and sixty million dollars over the next five years and Harrison County will receive eighty-four million dollars. Now, an important part

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of our project proposal is the revenue sharing program that we have. And the most important feature that I think is that it is intended to benefit the entire region. We always believed that that was the legislative intent and it is our intent as well. Harrison County has thirty-two thousand people but there is a significant need in this entire region so that thirty-two million dollars that I just described is going to be divided among eight counties. We have determined that allocation based upon need, proximity to this County, demographics, population, and you will see that we create enormous benefits for all of the various counties over the next five years as a result of this

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

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five point seven-five million dollars immediately after issuance of a certificate of suitability. Our idea here is to allow the community to fund projects that are important to them whether they be infrastructure, whether they be civic or charitable organization and we want then to start their work before we even start business. So we are funding it immediately so that their work can begin immediately. Also part of our program is two hundred and fifty thousand which we will give to Harrison County upon certificate issuance for Toyota Magnum Program. That is so that additional businesses which are not related to us but which are important, add to the economic benefits here and to

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the job creation, they take advantage of the nearby Toyota plant and that so businesses that can service that and work with that can be initiated here. Small businesses can be given a start. We believe in education at Horseshoe, we believe in training our employees well, but we've also been very generous as it relates to jurisdictions that we're in and in helping them with their school systems and we want to start that here as well. So we have a college scholarship program which we will fund with five hundred and sixty thousand dollars during our initial five years of operation. The way this program will work is that the number one student in each of the four high schools

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

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what you want to hear and of course everyone will have them. But it's important to note that we didn't start doing this when we decided to make an application here in Indiana. We've been doing this kind of thing from the day we opened Bosier City, and Tunica, and actually we've been doing that kind of thing here in Harrison County since the day we arrived. We've been part of the community, we've been contributing to the community. It is part of our corporate culture and philosophy. And we have said that we will create an economic boom here, we have done that in those other communities. So I'd like to show you a short video which I think will help you understand and listen to

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the citizens of Tunica and Bosier
and even here in Harrison County
about what we have done and how
we picture here.

(VIDEO PRESENTATION)

PAM AYRES:

"I've worked for two other
casinos and this is the best one.
We've got very good management,
they know what they're doing."

MIKE ALLEN: "The Horseshoe

in Bosier City has led riverboat
industry in the State of Louisiana
in both revenues and passenger...."

KEN MURPHREE: "Naturally

our investment bankers were very
interested in what our projections
were for the financial performance
of the property. And we have
really in a significant way exceeded
those expectations. Right now we

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

4 PRESTON FRIEDLEY: "When the
5 Horseshoe came in and really ...
6 the department by a full twenty-five
7 percent and it has been very suc-
8 cessful here, but we are planning
9 to reinvest a lot of those funds
10 back into the county."

11 MYRON LOWERY: "We've got
12 over nineteen hundred people work-
13 ing at Horseshoe Casino and those
14 people are citizens of Bossier
15 City and Shreveport and they're
16 spending the money right here in
17 Shreveport and Bossier City;
18 therefore, the biggest winner is
19 our own community. It's gratify-
20 ing to be able to come to a place
21 that gives back to the community,

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

REPRESENTATIVE CHARLIE

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

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

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E. C. JONES: "Horseshoe has certainly been a great corporate citizen for this area and especially in the charitable part."

DON PEARSON: "We were certainly amazed at just the very few management positions that were filled from outside our community. I would estimate that in excess of ninety-five of all the jobs were filled from local made resources."

SHERRYL TUCKER: "I went from

CAROL NORTON: "I feel that the people that Horseshoe have hired have proven that they do seem to care about the community and they're willing to work with organizations; they're sensitive

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

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

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

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and part of the community and part of Harrison County. Maybe a little bit more so than the others."

JERRY BEAMS: That's what really convinced me that Horseshoe was kind of open-minded about their wanting to work with us. Even like my group, the VOP, they have asked me is there anything we can do to work with you and I appreciate that. I really do. They have made me feel like it's okay for me to have a voice."

RUSSELL PETTY: "I don't say if you look over their records and business dealings elsewhere, uh, they're there to make it a success and what seems to be a long term success."

WALLACE MADEWELL: "I feel like that they're what they say

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

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

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

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to the bank.

(END OF VIDEO PRESENTATION

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

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

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

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license longer than any executive in the United States today. I'd like to at this point tell you a little bit about our experience in Tunica. I think it will demonstrate our knowledge of the industry and our ability to compete. We were the thirteenth casino to open in that market, a market that is considered by many today to be the most competitive market in the country. Our competition: Harrah's, Boyd Gaming, Bally's, Circus, and ITT Sheraton Caesar's. Some of the most respected names in the industry today. And how did we do? We're currently the number one operator in each market that we compete in. We dominate these markets. As this slide demonstrates, to the left you can

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see the figures for the Horseshoe in Tunica. These reflect the win per unit per day per slot machine and how we compare to the average for the State of Mississippi, and then you can see our performance in Bossier City and how that performance compares to the average for the State of Louisiana. This next slide again demonstrates our performance on a win per table per day. Again, in Tunica, you can see how our performance levels compare to the averages for the State of Mississippi and, again, how we compare in Bossier City to the averages for Louisiana. This slide represents our market share and as you can see in the Tunica market the Horseshoe operates thirteen percent of the machines in

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that market and we generate twenty-
three percent of the revenue in
that market. In other words, our
slot machines generate nearly two
times the market average in revenues.
This slide represents our table
games, market share, in Tunica.
We operate eleven percent of the
tables in the market. And generate
twenty-seven percent of the revenue.
Our tables are nearly three times
as productive as the market average.
Quite an accomplishment when you
consider a number of things: We
are the second smallest casino in
that market, and we operate fewer
slot machines and fewer tables
than our competitors. This clearly
shows, I believe, that bigger is
not necessarily better, that better
is better. Now, these figures il-

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lustrate our success. I'd like to tell you how I believe we have accomplished this. I think one of the answers lies in the Horseshoe commitment to its employees. We provide superior wages and benefits. And by way of example in Tunica, our salaried employees average thirty-four thousand dollars a year. Our hourly employees average ten dollars and eighty-five cents and that includes tips. And to put this into perspective, prior to the legalization of gambling in Tunica, the average household income with two wage earners was twelve thousand dollars. We also have a tuition reimbursement program so that any Horseshoe employee who wants to take a class which is related to their job, the

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Horseshoe will pay for that class. We have a promote from within policy. Horseshoe employees will always be given first consideration before we go to the outside. We have excellent training programs which have been developed and which are conducted by our senior management team. The Horseshoe has a record of providing meaningful opportunities for minorities and women with the company. These figures are for all of Horseshoe Gaming, not just one property, and as you can see minorities represent forty-one percent of our work force and women fifty-four percent and more importantly, in supervisory and management positions, minorities hold twenty-three percent of those positions and

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women thirty-nine. I'd like to
at this time introduce you to the
management team that will be
coming here and opening and opera-
ting this property. This is the
same team that successfully opened
our property in Tunica and will
come here to repeat that same
success. These individuals are
responsible for casino operations,
security, finance, hotel food and
beverage, marketing, and human
resources. Their experience is
unparalleled. Collectively, that
management team has one hundred
and seventy years in the gaming
hospitality industry and they have
opened twenty-nine properties. It
is this team that looks forward to
taking on this new challenge and
becoming a part of this community.

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

(VIDEO PRESENTATION)

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

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

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The Horseshoe is my home. So I want to impress him, I want him to go away with a good feeling. I want this attention to detail; that's what I tell everybody. In 1991 Jack took the show on the road. He passed up more obvious opportunities like New Orleans in favor of the best location and the right development.

We wanted to see if the Horseshoe would work, the Horseshoe formula - I guess you'd call it a formula - marketing strategy would work in these other areas. And obviously it's worked very well because we have the best boat and best boat in Louisiana and the best one in Mississippi.

It really comes from the tradition that Jack and his father

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built up around the Horseshoe for the last forty years and that is that if you want it to come to a place they gave you the best value for your dollar, that was an enjoyable atmosphere, people treated you nicely and treated you well and was good food. You know, an enjoyable entertainment experience, come to the Horseshoe.

The Horseshoe's next development in Mississippi demonstrates another important principal in Jack's philosophy toward development. The Horseshoe is a long term player.

We do think about the long term. We're not conscious or concerned about each dollar as it comes in. We really do look to developing relationships with com-

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munities that we go into, with our customers, with our employees, and we want to be in the business for the long term.

The ability to consistently operate a superior casino requires superior talent and leadership. Jack found the best talent and did more than just hire them. He made them partners. People who shared the Horseshoe philosophy of customer service, value and a commitment to hard work. With these principles the Horseshoe has grown to become one of the most successful gaming companies in the emerging gaming markets.

What they've been able to successfully do was to transfer a concept that they had in Las Vegas that has worked obviously extra-

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ordinarily successful for them in the operation of Binion's Horseshoe in Las Vegas and have been able to successfully translate that concept, that marketing theme, that marketing strategy to emerging markets throughout the country.

We feel that Jack's product is a better mousetrap. We feel that it does have the ability to be duplicated in many markets and the ability to be a very strong debt and equity story. All you have to do is go there and you see it. You just have a better box, better it's from there. People know they're getting good value from their money. They're getting the best odds, the food is fresh, and good value, the place is clean. All you have to do is

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go to a Jack Binion facility and go to the place to the right and to the left, and it's a clear choice.

They go head to head against such competition as Harrah's, ITT Sheraton, Circus-Circus, Hollywood, Boyd Gaming. These are not lightweights in the gaming world of competition and the stakes are quite high. These markets as I said are very profitable. They have been able to be number one in both of those markets. To me that really says it all in their ability to translate what they have in Las Vegas to these other markets.

And you can look at it on the one per slot, you can look at it on the one per square foot of

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

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

(END OF VIDEO PRESENTATION)

PAUL ALANIS:

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

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

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better yet, if you listen to the people who know best, if you listen to that community out there, they will tell you the decision isn't even close. The Mauckport site is head and shoulders above the Bridgeport sites. It's the same conclusion we came to two years ago when we studied that same issue. The necessity to make major road improvements, more importantly the traffic congestion that exists today, include with that the issues of topography and flood control that are problematic for some of those sites, cause the Bridgeport area to be not comparable or equal in any manner to the Mauckport site that we have. Our Mauckport site is indeed problem free. It is flat. It is buildable. All ele-

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

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

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

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

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

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

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ment agreement process and we have done that. We have acted in good faith and moved forward and we are indeed the only company that has executed that development agreement as we stand before you today. We have in fact done an agreed, in writing, to live, to do and to live up to every requirement and expectation that has been placed upon us by this County. And that development agreement requires us to meet not only the impacts of our development but to compensate and to allow for future development for other things and needs that are important to this community. We are indeed the peoples' choice and it should be no surprise to anyone who is in this community because we have be-

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come a part of this community. We have been here longer than any other casino company. We've been in this community for almost a year and a half, and from the day we arrived, we began being involved in the community, being involved in civic organizations, and contributing to charities and we've developed friendships and relationships. Those are the same friendships and relationships which we hope to continue and expand into the future.

Four: We have presented to you today development and a master plan that will indeed contribute significantly to the well-being of southern Indiana for the long term. This is a development which makes economic sense today and can

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

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

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

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will not build this project, put
it into some portfolio and move on.
No, as we have shown in our develop-
ment agreement with Harrison County,
our commitment to you is that we
will continue to expand and to
improve upon this project to keep
it fresh and exciting and more
importantly to keep it competitive
and successful against the competi-
tion that at some point in the
future is sure to come. I am told
the citizens of Harrison County
this will be your crown jewel.
It will be our crown jewel as well.
And we have committed our most
important asset, our people, our
finest people, to come here, to
come to this community. They are
anxious to come here to make this
project a success for Harrison

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

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

(RECESS)

(RESUMED AFTER SHORT RECESS)

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

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

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facilities, so I just don't know how that happens. How can all that come together?

PAUL ALANIS:

Well, let me try to explain.

ANN BOCHNOWSKI: Okay.

PAUL ALANIS: Let me talk about each one. Let's talk about the win per customer first. I believe on our numbers are an average of fifty-nine dollars on a stabilized basis. We understand that it's higher than the other applicants. Let me tell you why we think that number is both realistic an example. First, we dominate the high end of the market in the two facilities which we currently operate in Tunica and in Bossier. We have a broad spectrum of play but we totally dominate that upper

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end and one of the reasons is because we do give better odds so the more sophisticated player, the person who is playing at a higher level is more inclined to come to our facility than to other facility than to other facilities because they're going to have a better chance to win. So we believe we will get a higher level of really, of the quality play, of the higher level players than maybe some of our competitors would.

So that's the first part of it. That we think that the level of play will be at a higher end. Secondly, we do give better value to the customer. Our restaurants are always less price, our retail shops, we leave more dollars for the customer to game with. We be-

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

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

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

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can't get off the boat, they tend to gamble more and they intend to lose more frankly per passenger. I think if you look at the statistics around you'll see that that's the case in the industry.

ANN BOCHNOWSKI: So it doesn't matter that your attendance is lower and it doesn't matter that your odds are looser but you've got people who are gambling more higher?

PAUL ALANIS: Higher?

ANN BOCHNOWSKI: Higher.
Higher.

PAUL ALANIS: Higher. Yes.

ANN BOCHNOWSKI: More money is going into the machines?

PAUL ALANIS: That is correct. I think that they're gambling higher. They have more dollars

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when they come, we leave them more dollars and the dock sites and the pavilion building to get on the boat with. Jack's famous for his three dollars steaks and his two dollar breakfasts and I think that we feel very comfortable that those numbers are realistic. The number that we have per share, a hundred and sixty-six million dollars of gaming in nineteen hundred gaming positions is equal to the numbers that we're achieving in Tunica with fourteen hundred gaming positions. And in Bossier City as well, we're achieving a hundred and fifty-five to a hundred and sixty million dollars of revenue this year, with again fourteen hundred gaming positions.

Question inaudible:

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PAUL ALANIS: In Tunica we don't know because we don't take counts. Okay. And in Bossier

DONALD VOWELS: And what about in Bossier?

PAUL ALANIS: Okay. And in Bossier it's in the forties. But let me explain to you why that is the case.

First of all, we have a promotion in Bossier which has been highly successful for us. It's called The Million Dollar Free Pull. Part of our philosophy. You can come into the Horseshoe in Bossier, walk in, you're a member of our slot club, pull the machine and win a million dollars and you don't have to put a quarter in our machine. We've had two millionaires in the last nine months. I think

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probably the only two millionaires in Bossier City. That brings us, uh, we know the statistics on this because we're trying to figure out how much this promotion costs us, we have a very good idea, and so our customer counts are up about twenty percent by people who just come in to play the machine and leave again, so that has thrown the numbers off by a good ten dollars per person. And then we are in again in Bossier City, we are in a situation where we have twenty-four operation. We do not leave the dock. So we have a much like the Las Vegas type operation because of the Red River and situation of the lack of navigability there, the legislature allows the three vessels in Shreveport-

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

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

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

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

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that the customers are gonna get on with that much more money than they would the other way around. Is that the bottom line that they're gonna have so much more money on them..?

PAUL ALANIS: Well, no, I don't think -- I think that our customer mix will be, from our marketing strategy, from our direct marketing ability to directly market and I could have Gary Border come up and maybe even, you know, embellish on this. We believe that we are able to attract the type of customer that will generate this type of revenue. Let's.... and tell you also a little bit about the market because that's the key. Not -- the restaurants add a little bit. The key is the

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marketing.

THOMAS MILCAREK: Bottom line here is your customers are gonna be wealthier than somebody else's customers?

GARY

I think more than anything else we win per unit as much as Illinois does. Illinois has like fifty-eight dollars a customer. There's no reason to think that we're not gonna be able to do that since we do it already in Louisiana and Mississippi, we feel like we can do it here also.

THOMAS MILCAREK: I thought you said in Bossier City it was lower?

It is lower but it will depict per unit. You can see that

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our win per unit is just like it is in Illinois. Therefore, we feel like that we can win per customer.... but it does.... another thing we don't do in Bossier City, we do not charge to get on the boat. So people come and go and, you know, sometimes we, like you said, come on board they maybe make the million dollar free pull but they're not really a customer, but we put them in our customer account. Have I lost you on that one?

THOMAS MILCAREK: No, a couple of years we were real suckers on the win average, but I think we've kind of picked up on it.

(SIMULTANEOUS RESPONSES - UNINTELLIGIBLE)

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GARY I'm Gary

the head of Corporate Marketing.
Did that satisfy your marketing
questions or were there other ques-
tions you want to ask?

MR. MILCAREK: Yes.

ALAN KLINEMAN: Well, let's
talk about where the boat is gonna
be built. Want to tell me about
that?

PAUL ALANIS: Certainly.

About over a year ago we had a
number of discussions with Jeffboat.
We built a very good relationship
with them; Bob Green and all of
his staff, and we have even gotten
to the point of a letter of intent
and a contract, drew up a contract
to have our boat built at Jeffboat.
That's what we wanted and that's
what we still want. A few months

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

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promote industries in the states where we operate.

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

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

ALAN KLINEMAN: And the police station.

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

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that they will assist us in whatever way that we need. So whether we have a formal relationship with them where we actually hire them to lease out the sixty thousand square feet and to help us construct it, or whether we just do it generally, and that's kind of where it stands. We have his absolute commitment to do whatever is necessary to make this a sixty-thousand square foot facility.

ALAN KLINEMAN: Inaudible.

JEFF COHEN: Yes.

ANN BOCHNOWSKI: Can you -- I know you've talked about this during the presentation but I want to make sure I understand, talk about your cruising path, how far out it can go?

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JEFF COHEN: Certainly.

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

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

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

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

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

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

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site for cruising and as you can see here, it's one of the widest spots in the river in the whole State of Indiana, so the vessel can come about and actually turn on both the up river and down river portion of the cruise route.

ANN BOCHNOWSKI: When you say "turn"..

I mean come about, that, instead of backing up going forward and backing up. We actually get to turn all the way around and cruise just like the boat should with the bow going in one way instead of backing up...

ANN BOCHNOWSKI: I'm not used to that.....

Well, and that's why I say this is one of the

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nice advantages of this site, that it has an awful lot of water, which as you know is the premium in Indiana.

JACK THAR: If I may, are you creating a pleasure boat issue by developing the marina?

Good question, Jack. We don't believe we're actually creating an issue. We believe that, uh, one of our recommendations would be to separate the small vessel marina from the casino vessel, and Horseshoe has absolutely taken that under consideration right now to separate the two.

JACK THAR: Well, let's go back just a little bit. Two designs that we've seen up on Lake Michigan, the coast guard and the coast guard primarily has taken

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under, major safety issue with the casino boat will be an attractive nuisance, for lack of a better term, to recreational boaters which the marina has shown that seems to cost, but the other thing is you have an area there where there is no marina, you're creating a marina which means that you will increase pleasure boating if, uh, where you're saying there isn't much now. Is this well thought out?

It is well thought out and it's a good point. The reason I think this is different than I'll refer to the Michigan City site, is you only have a small area for these vessels to cruise. This is similar, if you would just look at Evansville, and you look

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

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we don't believe will create a problem.

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

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

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

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can get the job done, it's our proposal that if it should be a problem we would do -- we would take the money that would be saved from not doing the marina and put it into some other element of the project, or alternatively contribute into the foundation that we've established for Harrison County. It's not our intention to create an element of our project which maybe doesn't have ultimate feasibility because of a regulatory problem and then to put those dollars in our pocket or whatever. Secondly, you can be assured that we will not let that, the additional marina, slow down the development of the area that's needed to get the riverboat, the gaming facility and the rest of the facility in opera-

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

ANN BOCHNOWSKI: What was your rationale if the boat

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

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

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

CLIFF KORTMAN: That's fair-

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

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

PAUL ALANIS: From Louisville to our site, exactly?

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

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

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I've been told what I believe to be about thirty....

ALAN KLINEMAN: Is that the way you would think that the Louisville customers would come, this what we call the south route Kentucky across the Matthew E. Welsh Bridge?

PAUL ALANIS: Well, we think that the ones that are in western, the western portions will come that way, but, no, we think the people who are in those eastern suburban areas will come, you know, through Indiana, but that's not what we, you know, we don't think they'll come through Ky. Come on the Interstate and then down on 135.

ROBERT SUNDWICK: Does anybody -- how far is it?

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

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

RESPONSE: 135.

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

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

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

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

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

ANN BOCHNOWSKI: All right.

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

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

ANN BOCHNOWSKI: Okay.

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

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

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be made there?

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

ANN: Right.

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

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

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

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

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

CLIFF KORTMAN: I mean

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

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That's one hour a week.

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

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

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

CLIFF KORTMAN: Right.

ALAN KLINEMAN: Are you going to....

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

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

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

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the same concern.

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

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

1 used for emergency?

2 CLIFF KORTMAN: There are
3 a number of levels of that and I'll
4 try to address some of it.
5 Because it is of a concern to us
6 as well. From a, uh, there are
7 a number of different elements of
8 it and let's talk about each --
9 by the way, as it relates to the
10 vessel itself, we are going to
11 have a paramedic on board that
12 vessel, that is something which
13 Hornblower had recommended to us
14 previously. It is something that
15 they, that's why we have them
16 and that's, uh, so we are going
17 to have a paramedic in terms of
18 that. We have had contact with
19 the facility in nearby, uh, the
20 Jewish Hospital Health Services.
21 They are very close by in Branden-

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

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

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

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able in Jeffersonville, there are six ambulances that are available in Louisville. There's two medical evacuation helicopters available from Stat-Flight in Louisville, there is one medical evacuation helicopter available from Jewish Hospital in Louisville. There is another one medical evacuation helicopter available from Methodist Hospital, Indianapolis. Additionally, the Meade County Health Center, which is just across the river in Brandenburg, has twenty-four hour access. They're there, at least can call a doctor, they havethere. One of our concerns we talked about all of these is that we felt that and Greg Reas also did reference to emergency management services, concurred that

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there are the resources here. We simply have to put together mutual agreements and everything else, and one of our concerns is since we're on a longer cruise route, we talked about this morning and you heard Greg say: We can respond in twelve minutes. And some people said: Well, is twelve minutes enough? Well, we found that when we did our emergency disaster drill up in Evansville, as we would do here, we would write a complete emergency disaster plan and then we would really put our money where our mouth is and show this plan works, we can do a large drill but we found when the vessel needed assistance, it took us over seventeen minutes for our trip to get there and then approximately a half

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hour to get in, which meant the ambulances, the fire department and everything, they were there waiting for us. So one of the things we looked at here, and Dr. Ross brought it out this morning, is that if we have someone on board and they need attention, is an EMT enough. We said: No, an EMT probably is not enough. Let's put a paramedic with all the required equipment on board. And we talked about that, that Cliff informed and they supported that. Additionally, we said if we really need to bring the vessel in or even use one of our rescue boats to get that in, and there's helicopters in the area, we supply a place for them to land and said we will build a heli-port just

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

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

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

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going to have a lot of hotel guests there, and it makes sense to have members of the community nearby and locate their office. There are several doctors who are interested in doing that. We would have a, like an urgent care center, think that that makes sense, makes sense to them, it's a good place for them to locate. We'll bring them a lot of potential patients there, and so that's, we would have some type of an urgent care facility in the retail area.

ANN BOCHNOWSKI: Was that just recently added based on our questioning of it?

No, we've always considered it..

ANN BOCHNOWSKI: That wasn't, you know, in the ...

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I understand that.
And we've always considered -- we have the child care element. We have been talking to the people here for months in terms of the woman -- there's one woman here who does child care who we've talked about to see if she can do a child care facility. We've had discussions with these people. Our local representatives have been working on these things for a long time.

ANN BOCHNOWSKI: And then all of this that you're talking about on the boat, the helicopter landing and everything, is that just a recent addition today because of our questions?

Well, the heli-pad is something that he asked us today. That is something today

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

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and our customers. So if they come up with better ideas we'll adopt them, and that heli-pad is one that we did adopt, but many of these other things we've been considering for months. This is a serious issue because they're volunteer fire departments here, their equipment is minimal, we will have the, you know, the water supply so that's not going to be an issue and we've agreed to spend a lot of money to do that. We will but, but everyone will be doing that, have state of the art fire suppression systems in all of our buildings sprinklers and the like, but we still recognize the need to deal with this problem and we, one of the reasons why we accelerated some of our payments to the

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

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that assistance. As I said, we're not in a situation where we want to have something that is a, that is not a hundred percent safe situation for our customers and for our employees and for the community.

JOHNED [REDACTED]: And if I could, Commissioner Bochnowski, I need to fall off for just a little bit. Part of the reason that some of this has come up in the last several days is that it is the first time we've had the chance to meet face-to-face and really discuss at length some of our recommendations even though we just, we provided a report to them last week, but so we get to take some of the blame for that just because it was the first time we

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

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

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for them. And it's an ongoing thing so in addition to being trained, we also provide them with full turn out gear and self-contained breathing apparatus. Because as mariners we're used to going out to sea where there is no fire department, so we've really become self-sufficient if you will. Now, that doesn't mean that we say we don't need help from anyone else because we absolutely do, but what I would like to point out is that from the vessel site, the vessels are constructed at a very, very low fire rules - three pounds per square foot. You have eighty-six people a head which means that if a fire breaks out on one deck, we should be able to contain that fire on that deck for

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over sixty minutes. Usually, in sixty minutes, because we operate very close to the bank, we can pull into the bank and there's several places along the Mauckport area where we can, to let our passengers off, continue to fight the fire with assistance from the local firefighters, and even tho there is a volunteer fire department here and there's one in Brandenburg and several on the outlying areas, there are those resources. Now, the brand new vessel will be equipped with with a sprinkler system, a heat detection system, smoke detection system, as well as the av... system, and basically, all of the bells and whistles. I think if you look at the casualty data you will see that out of seventy river-

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

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

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

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

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

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

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that we're in, so my answer to that question is quite clear. We would, of course, we're willing to consider any of those and we have done so in the development agreement and that, it doesn't stop there. We believe that this is an ongoing process with the community where we will continue to identify changing needs and we will be willing, continue to fund additional needs as they arise. We don't want to go through a process of discussion with that and find the best way to do it, but I think you will find in the development agreement that we signed, we agreed to do things that were well beyond the impacts of our study. I'm sorry, of our project. And I think it reflects our attitude that, you know, if it's important to the community -- this is a two hundred million project --

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we're talking about, you know,
one percent or two percent of that
in all of these things. It's not
the end of the world. We need to
be in this community for a long
time and we want to, you know, help
meet the needs as we should.

ALAN KLINEMAN: Thank you.

DONALD VOWELS: Is it my
understanding that you're the only
candidate if you will that has an
agreement with the county signed,
assigned?

JACK BINION: Well, I believe
that to be the case although I
don't know that. I mean, let me
put it this way, we were the first
to sign, I know that. And I know
all of the negotiating--

MR. VOWELS: It's stated
as of today....

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JACK BINION: Right. And I know all --

MR. KLINEMAN: Stated as of today and was only signed if by Horseshoe, I don't think it's been signed on behalf of.....

JACK BINION: We signed. And I'll bet there will be a few others signing real soon.

MR. KLINEMAN: The issue of time standing.....might have found out that this -- was my understanding with

JACK BINION: I hope we only set the leadership but I don't think we'll be alone in having signed.

DONALD VOWELS: In reference to your temporary boat, what's the status on that? Do you have something lined up?

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JACK BINION: Yes, indeed we do. We have a purchase contract which we have put up over two hundred and fifty thousand dollars in non-refundable money to purchase a boat which is completed and is sitting in Louisiana right now. That boat is similar to the vessel which we currently operate in Bossier City. And it would contain about fourteen hundred gaming positions, that's two hundred and ninety-nine by two ninety-four foot by seventy-four feet. It is finished. It needs to be outfitted with gaming equipment and built to its dead weight survey, it could be up here in sixty days, and we could close it the day after we got the certificate of suitability. In fact, we

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are required under our contract that we need to close it, so we would do so.

THOMAS MILCAREK: What about the temporary facility. I assume it will be in the same spot that the one is in?

CLIFF KORTMAN: I'd like to let address that, but yes, essentially.

Our plans are to berth the temporary vessel inside of the marina as we have mentioned before, the marina site already has the Army Corps of Engineers permit; however, modification to that permit will be required to moore a gaming vessel there. We have already applied for that modification. And just adjacent to that berthing site,

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will be a temporary building, a temporary parking lot.

THOMAS MILCAREK: What will the temporary building be like? Will it be like the temp in Evansville?

CLIFF KORTMAN: It, fund wise is how quickly they can get a certificate of suitability... Our commitment is to have a temporary land based facility when we build the temporary vessel here. Six months.

THOMAS MILCAREK: And can you describe this temporary facility?

CLIFF KORTMAN: I just apologize because I have not seen that temp facility in Evansville so I'm not sure what that looks like, but we would either supply one of

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those temporary tent facilities
or we would provide a temporary
building.

ANN BOCHNOWSKI: Of course,
you understand even though it's
a temporary site, you would still
have to get the Army Corps....

CLIFF KORTMAN: Absolutely.
Yes ma'am. There is actually, we
have done three things with the
Army Corps of Engineers. As you
know there is existing permit,
there is the modification to the
temporary gaming vessel, then
there is the final Corps permit.
We do understand that we have to
have the temporary site.

ANN BOCHNOWSKI: Basically,
they said that takes as long as
the permanent.

CLIFF KORTMAN: We've made

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application for the temporary...
and facility.

DONALD VOWELS: How many
acres are we talking here, the
riverfront property that you all
have a, is there an option on it,
do you have to purchase it?

CLIFF KORTMAN: We have
forty-two acres under the river-
front property.

THOMAS MILCAREK: And at
Mauckport, how many acres of
riverfront at Mauckport -- you
are saying you have forty-two --
would you have left, do you know?

CLIFF KORTMAN: We are still
.....for calculation.....

MR. MILCAREK: How long have
you had the option?

CLIFF KORTMAN: Hang on for
one second. Let me have him ad-

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dress the Corps issue real quick.

MR. MILCAREK: Okay.

LEE MCKINNEY: I'm Lee McKinney, I was commissioned to the Corps of Engineers upon graduation from West Point, and served twenty-four years and three months, and had the good fortune to have three assignments in the civil works field where I did a lot of Corps digging. Since '82 I've had my own firm and have engaged a lot of Corps permitting, coast guard and environmental work. If I could clarify the permit situation which is somewhat confusing. In September the 3rd, 1993, the Corps issued a permit to Riverside Marine Associates to build a, to dig a harbour, and install an operating marina. The State of

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Indiana also issued two work permits; one to dig the channel and one to dig the harbour, and allowed the permittee to place fill material on the land side to elevate the area of both the owners'..... owners. We have recently submitted a modification to that existing permit, asking that we be allowed to reduce the size of the harbour to a smaller foot print and to move a sixty foot channel somewhat upstream and provide a two hundred supply channel which would accommodate the gaming boat. And that is not, does not permit the gaming boat, because that area is essentially environmentally clear, that complete environmental clear except for the requirement to do a phase

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III archaeological resource
which we have recently submitted
the plan to the Corps in the State,
seeking their approval and then
we can start work on that.
All right. If I could go into
it a little bit more, the Phase
I Archeological survey is what
you must do initially. Depending
on what you find, you may be re-
quired to do a Phase II and later
on a more detailed Phase III
digging, encouraged by all the
architects. We are at the final
phase on the existing forty-two
acre site. So I would anticipate
that the Corps, once they decide
to process the modification re-
quested existing permit, we would
be in a position to coordinate
river agencies and issue a permit

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modification in as little as sixty to ninety days, which means construction of the harbour in the entrance channel could then begin. To bring in the temporary boat and temporary mooring facilities, the Corps is instructed us we need to acquire a new permit. We have applied over two weeks ago for that new permit. We've applied to do the work in three phases:

Phase I would be the work necessary to put the temporary mooring facilities in, for the temporary boat to operate, and to put the temporary land site opposite to include a parking and pavilion structure, where ever it might be, and start work on the waste water treatment plant.

Phase II would be to provide

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the permit..... Also that thirty-
two acres which as I said is
environmentally clear except they
are doing the Phase III

And then Phase II would be
to do the work north of Highway
11 which would include a commer-
cial retail center and golf course.

Discussion inaudible.

THOMAS MILCAREK: It shows
that the green that

That's correct. By Horse-
shoe.

THOMAS MILCAREK: That is
controlled....?

That's correct. By Horse-
shoe.

MR. MILCAREK: So all of
the green you have the option on?

CLIFF KORTMAN: That's cor-
rect.

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THOMAS MILCAREK: And then
the red, you're working on that?

CLIFF KORTMAN: We've been
working on it, yes sir.

ANN BOCHNOWSKI: That last
one is always the most expensive.

CLIFF KORTMAN: I think in
our situation though it's not
essential to our project.

THOMAS MILCAREK: What's
that gap in between the two.....?

(Discussion between the
Members and Kortman)

CLIFF KORTMAN: Okay. This
is Mauckport and what we wouldn't
want to do is take away the frontage
of Mauckport. See, this is the
community of Mauckport right in
here.

THOMAS MILCAREK: And how
long is that that's green down to

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where your.....?

CLIFF KORTMAN: You can see that there's a scale on there. There's the mile marker scale. So, it's approximately just over a mile.

THOMAS MILCAREK: And how long have you had that option?

CLIFF KORTMAN: We've had an option on over four hundred and fifty of the acres for over a year.

THOMAS MILCAREK: Okay. And is this four hundred and fifty or would that extend?

CLIFF KORTMAN: The total, the total amount of property under option is six fifty.

THOMAS MILCAREK: Well, I guess my question, the whole bottom line to my question is if one of

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the other applicants wanted to be in Mauckport, is there any place where they could have gone?

CLIFF KORTMAN: I don't think so.

DONALD VOWELS: On the temporary boat, how many slots would you have? You said fourteen hundred gaminghow many pay persons.....

CLIFF KORTMAN: We anticipate probably a little bit more than a thousand. We would probably have something in the order of fifteen table games.

DONALD VOWELS: What would be the capacity of that boat? You said fourteen hundred positions. How many pay persons would get on that boat?

CLIFF KORTMAN: About twenty-

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two fifty.

DONALD VOWELS: So at two thousand, would that be a Also, of the eighteen hundred new jobs that would be created, what is the approximate pay scale of those jobs?

PAUL ALANIS: Well, I think they would be very comparable to what we have in our other facilities. Maybe Mike can -- he's gonna be running them, so he can address that.

MIKE ALLEN: As Paul mentioned I think we probably see some figures that are comparable to what we pay in Tunica and I think, because I mentioned earlier the average salary for our employees is approximately thirty-four thousand and the hourly rate for hourly

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rated employees averages approxi-
mately ten dollars and eighty-five
cents; that includes tips, so for
those people who work in the
restaurants, uh, cocktail waitresses,
dealers, anyone earning tips, that
would be included in that average.

ROBERT SUNDWICK: Is there
any profit sharing or 401-K or
anything like that?

MIKE ALLEN: Yes, we do
provide a 401-K Program with a
fifty percent match by the company.

ROBERT SUNDWICK: Any type
of insurance?

MIKE ALLEN: Yes, medical,
dental, vision, ninety percent of
the premium paid by the company,
ten percent by the employee.

DONALD VOWELS: Must you be
a full-time employee to receive

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this?

MIKE ALLEN: Yes, you have to be a full-time employee.

DONALD VOWELS: What do you consider a full-time employee, hours per day?

MIKE ALLEN: Well, right now, in our Tunica property, I believe we only have about ninety employees. Of the over seventeen hundred that we employ that are part-time, those would be people who work less than thirty hours per week.

ALAN KLINEMAN: Before we go away, on the breakdown between salary and hourly, the salaried people would be supervisory type persons; is that right?

MIKE ALLEN: Yes. That is correct. Approximately fourteen

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hundred of our employees in the
Tunica facility are hourly.

ALAN KLINEMAN: Okay. Four-
teen hundred out of seventeen
hundred?

MIKE ALLEN: Yes sir.

ANN BOCHNOWSKI: I have a
question: Let's assume that in
our infinite wisdom we put a boat
in Crawford County and your boat
is in the Mauckport area, and
Crawford County seems to be much
more accessible from the inter-
state. What would cause people
to take the more difficult route
and go to your boat instead of
taking the easier route and going
to the Crawford County boat?

PAUL ALANIS: Actually, we
are closer to the major market
which of course is Louisville. So

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that we believe we would definitely be closer and we would have of course a major facility. I don't know the type of facility that is planned in Crawford County, but it is my belief that it is substantially less than what we're planning here. We competed against eight other casinos in Tunica, and as Mike said, there were thirteen; four went out of business before we arrived and we were the, we remained the market leader. We were the market leader from the day we opened. And our numbers would assume that we're not the only casino in this area, so we believe we can achieve the numbers that we've said with the boat in Crawford County, and we would certainly not have any opposition to

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Crawford County as opposed to Switzerland County, and of course, it's your decision but it would not impact our development. We would move forward to the matter that we're proposing.

ANN BOCHNOWSKI: Because you may be closer, physically to the -- but convenience-wise I think maybe Crawford County is easier to get to. So you're just saying you have a bigger attraction?

PAUL ALANIS: Well, and I think that from, I believe that if you ask people that from the Louisville market we are, we would still remain significantly easier to access and quicker to get to than Crawford County. I mean maybe locally can....talking about

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the access from Crawford County,
I will have one of the experts

I'm Bill I'm
President of A and F Engineering.
The Crawford County site has con-
siderably more curves and hills
than the Mauckport site. I think
you might have, you visited them
both yesterday, I understand..

ANN BOCHNOWSKI: The reason
I came up with that is that I have
this little report that says:
hilly and winding two-land road.
And that's where I got this. You
know, I don't really, uh, I can't
remember one from the other at
this point.

MR. I have visited
both sites and the Mauckport site
is almost as straight a road as

1 you can have. And the Crawford
2 County site, we do have some wind-
3 ing roads.

4 ANN BOCHNOWSKI: But it's
5 shorter?

6 MR. That I can't
7 answer.

8 ALAN KLINEMAN: How far is
9 the exit?

10 Yeah, it's
11 about fourteen minutes. Yeah, so
12 we have -- Mauckport is a very
13 straight road. There are hills
14 but the grades are minimal.

15 ROBERT SWAN: How far is
16 it from the exit on 64 to the
17 exit at Crawford County? Was it
18 eighteen miles?

19 I don't know
20 the distance in Crawford County.
21 It's fifteen to the Mauckport but

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I don't know the distance on...

ALAN KLINEMAN: He's talking about 64.

Oh, fifteen miles.

ALAN KLINEMAN: 135 exit?

Yeah, fifteen more miles.

ROBERT SWAN: No, no, I wanted to know from the exit on 64, coming to Mauckport to Crawford County's exit; it's fifteen miles or eighteen?

Fifteen.

THOMAS MILCAREK: One man connect with 103 here on 64 and come down.....

(discussion by commission)

ROBERT SWAN: I have one quick question. I heard in your presentation a couple of times that

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you had endorsements from nine of
ten communities in Harrison County,
I think you said.

PAUL ALANIS: Towns, yes.

ROBERT SWAN: Towns. And I
hadn't heard that before from the
County; maybe I missed it in the
presentation from the County. How
did you obtain those endorsements,
were they formal endorsements or?

PAUL ALANIS: Yes, they're
letters of endorsement and some
of those, they've come to us and
others, we've gone to them and
we've had ongoing discussions with
these communities, these towns,
and they have supported us. We
have not given them anything, we
have not promised them anything,
there is nothing that is not in
the presentation we made to you

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that is going to any of those towns,
those endorsements came because
of their belief, I presume in us
and in the Mauckport site.

THOMAS MILCAREK: If there
were only ten -- are there only
ten towns in the County?

PAUL ALANIS: Yes, that is
correct.

THOMAS MILCAREK: Which one
did not endorse?

PAUL ALANIS: I bet you can
guess: Elizabeth. And Gary ques-
tioned it because Mauckport we
have entered into a development
agreement and so we because of our,
you know, we're being adjacent to
them, we have agreed to do some
things with Mauckport as I did pre-
sent in the presentation, but as
to all of those other towns, there

1 are no agreements or promises.

2 DR. DAVID E. ROSS, JR:

3 In your Tunica, Mississippi Casino,
4 how many boats are there between
5 your boat and Memphis?

6 PAUL ALANIS: There are --
7 we are the closest location pre-
8 sently. There are three master
9 plans at that site for a three
10 casino development. Sold off one
11 site to ITT Sheraton, sold off
12 another site to Circus, so they
13 are on the left and the right of
14 us; it's a three casino complex.
15 Recently, Bally's in December
16 opened a casino which is adjacent
17 to ours which is by a few feet
18 closer to Memphis but all four of
19 us are along the same road that
20 we built. Grand Casinos is under
21 construction with a large facility

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that will be slightly closer to Memphis. But presently our casino center complex which really includes four casinos is the closest one to Memphis.

DR. ROSS: How much of being closer to Memphis do you attribute your success?

PAUL ALANIS: Well, it certainly is a factor, there is no question, but I would say this: When you look at our performance vis a vie the two neighbors that we have, that's where you can really tell the difference because they, we don't have any locational advantage over Sheraton or Circus, and we do dramatically better at revenue than Circus and significantly better revenue than Sheraton. We probably do two to three times

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the revenue per slot machine or table game than Circus-Circus does. We do significantly more than Sheraton as well.

ROBERT SUNDWICK: Let me ask a question about investment. What's your investment in Mississippi as in Memphis investment?

PAUL ALANIS: An estimate of sixty million dollars.

ROBERT SUNDWICK: And Louisiana?

PAUL ALANIS: In Louisiana, a hundred and twenty million dollars.

ROBERT SUNDWICK: It's by far your largest project?

PAUL ALANIS: Oh, original investment, is that what you're talking about? Or what we're planning to...

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ROBERT SUNDWICK: No, what is your original investment?

PAUL ALANIS: Oh, pardon me. Eighty million dollars at each, originally invested. So, yes, it is...

ROBERT SUNDWICK: By far your largest investment?

PAUL ALANIS: Crown Jewel.

DONALD VOWELS: Can I ask one more question. Have you discussed then putting police into this sub-station and if so have you talked with the county sheriff, and if you've done that, have you put some money into that part of the project as well? Have you asked for funding in that aspect?

PAUL ALANIS: No. Our idea there is to provide space. In other words, to provide it rent

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free. So we don't -- we were gonna build that center anyway and that center is in our budget, so that means we wouldn't get revenue off of, you know, a couple of thousand feet that we would have in that center for it.

Alan Milbert, our local representative has talked with the Sheriff here about the needs. We have not worked out specifically anything with regard to a substation and I anticipate that this kind of dialogue will continue to proceed as we go along with the project and we'll find out exactly what is appropriate. I anticipate that there will be other needs and that there will be, if we were to be approved, you know, probably other things that would

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arise that we would continue to try to integrate into that center. One of the reasons for having that center is to try to be able to have a certain amount of space available, be able to be responsive to these needs as they arise. We're not looking to that center to be a major profit center for this project. I mean I think you can see from our performance that we anticipate minimal revenue from that center. I mean that's not what we're looking for.

ALAN KLINEMAN: I'm sorry to say that I have to leave and Ms. Bochnowski, the Vice-Chair of the Commission, will be taking over, and I want to personally thank you for all.

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PAUL ALANIS: Thank you.

ALAN KLINEMAN: And thank you for coming, and want to say we were emphasizing fire safety because we think that Fuzzy might burn up the course.

PAUL ALANIS: He hopes next week.

ROBERT SWAN: Just to follow up on that question. I haven't seen your development agreement yet. I have read it actually. Is there anything in there with respect to the law enforcement activity?

PAUL ALANIS: I will let our attorney address that.

BILL The Milburn Agreement does specifically provide that we will coordinate with

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the county representatives their emergency management needs on their emergency management plan. So we're prepared to discuss that with them. One of the provisions in the development agreement is that we have agreed to be flexible in whatever occurs during these presentations and during the proliferation of the Gaming Commission so that if an additional commitments or promises are made, they will be told to the developer.

DONALD VOWELS: How about your other two operations and motels, are those.....?

PAUL ALANIS: Yes, we have two hundred rooms in Tunica which we were one of only three companies to originally build hotel rooms with our original construction.

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Those two hundred motel rooms are on the barge, directly above the casino, very convenient to the customer. Bossier City, we have two hundred hotel rooms but they are not on the site we bought, an existing hotel in the community there. It is a few miles from our facility but we are proceeding with plans for a six hundred room hotel that would be on site. But we have always had two hundred rooms associated with each property when it opens.

DONALD VOWELS: The two hundred rooms that are on site, what is the approximate room occupancy on an average week or a month or how ever you calculate it?

PAUL ALANIS: Approximate is a hundred percent. We turn away

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a hundred and fifty to two hundred reservation requests every day.

DONALD VOWELS: That shows a need for a motel.

PAUL ALANIS: That's why we're building three hundred and twenty more in Tunica.

ANN BOCHNOWSKI: Did you do any study here to determine the need for hotel rooms? I mean I can't see too many hotels around here but...

PAUL ALANIS: Well, we believe -- I think the comment was made before by one of the members of the Commission: How can you have a destination resort without hotel rooms?

ANN BOCHNOWSKI: Right.

PAUL ALANIS: We believe that the key to the success of this

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project is hotel rooms. That's why in our plan we have three hundred and we, and like what we did with the County in our development agreement because it was part of our original thinking was agree that we would bring on two hundred more. We did look at the market. We determined that much like people at Carnival said, exactly what we think could generate in terms of finance, but we feel very comfortable with three hundred will -- we will fill up those three hundred rooms and that we will need to bring more rooms on right away. We were very sensitive also though to making certain that we had full occupancy and that we were not adversely impacting the existing, you know, motel

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market in this area. And one of our partners is an investor in Budgetel. So we're not interested in adversely impacting any of the existing businesses in this community. We think the way we've done it with having three hundred and then bringing on two hundred more and then we have a master plan to take it up to a thousand, makes sense and we think we can grow the market as we are operating in order to make that, you know, to have that work and to have it make sense. We're very comfortable with three hundred. We did a market analysis and felt that three hundred made total sense and that two hundred more to follow afterwards would be economically sensible.

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DONALD VOWELS: Could I ask a question of Mr. Binion please?

Mr. Binion, we're really happy to see you here today and your enthusiasm for the project. It just occurred to me that you have a significant interest in the whole project personally through various interests, if you were to walk out of here today and get run over by a car or something, who would we look to to carry on that enthusiasm that you have?

JACK BINION: Well, as you can see, I've put together what I feel is a great team and maybe they would even like to see me get run over.

(LAUGHTER)

But I feel like at this point

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I have set the tone, the philosophy and the marketing strategies and I feel like the team can carry it right on.

DONALD VOWELS: Your financial interests will carry on, and I just want to be comfortable.

JACK BINION: If you look at the structure of the company and why did I really go out because it's the truth that my grandnieces and nephews and my grandchildren and children have a very substantial part of this business. They have more interest in this business than I do. So when I tell you that, you know, I'm trying to hang on where, when they're ready, that they can take over. I, I tell you what, if you really look at what has happened in Vegas

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because I've been in Las Vegas for a long time, you just don't realize what's gonna happen here. I mean the economic impact is gonna be unbelievable and this is why we put it in the Mauckport site because I feel like it's at the center of the County, and I don't want to get preachy here so I'll stop. Okay.

MR. VOWELS: Thank you.

JACK THAR: Could I just follow up on that?

JACK BINION: Yes.

JACK THAR: What might concern us is whether or not Ted Binion would have the potential of getting in the ownership interest in this.

JACK BINION: Absolutely not.

JACK THAR: Thank you.

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JACK THAR: On the Army
Corps of Engineer permitting
situation, you're not trying to
tell us that you have a Corps
permit right now to start building
a gaming facility, are you?

CLIFF KORTMAN: No, I'm not.

JACK THAR: What you have
is, the property has a permit
in suspension status; would that
be correct?

CLIFF KORTMAN: That is not
correct.

JACK THAR: You have acti-
vated that by asking for a change
in that permit?

CLIFF KORTMAN: We have
asked for an extension for that
permit. Several months ago that
permit has extension, original ex-
tension in

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JACK THAR: Do you believe the advantage then is to be able to start construction of the marina and then modify it once you got the gaming permit from the Corps? Is that what you are ...?

LEE MC KINNEY: That is an advantage to us we feel. We have already made application for that modification for gaming vessel.

JACK THAR: And they are waiting for you to get the certificate of suitability to proceed forward; is that it?

LEE MC KINNEY: That would be my presumption, yes. That would be my assumption, correct.

JACK THAR: That's the last step in our agreement with the Corps, but absent getting the cer-

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tificate of suitability, what you are saying is you could build the marina before they acted on your gaming, is that right?

LEE MCKINNEY: We have a permit right now which is probably expires on August the 31st of this year and we have requested a three year extension for construction period. We in construction as currently permitted could begin with concurring with the Corps that we be allowed to go ahead with Phase III Archeological Resources on the east connected to the assignment, while we dig the marina. And they have indicated in the original permit protect them from doing that. We, today have a permit to start digg-- ing a large marina harbour and

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what we've asked for a modification is of the existing permit is to dig a smaller harbour and a two hundred foot wide channel and put a six foot wider channel to the slightly upstream location. So that's the permit modification that I was just based on my experience, once the Corps makes the decision to process the applicant for modification, they've had the request for a couple of weeks and I have had no contact with them at this point. I think that that could be approved by the Corps in sixty to ninety days and the suitability license and determination issue the construction could begin on the marina and then the channel for the gaming operation. The gaming operation itself..

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JACK THAR: That's where I've got the problem. Well, I can see that the Corps might agree that you could go ahead and build a commercial and pleasure craft marina. Our understanding with the Corps is that they're not gonna allow any gaming developers until they've taken a look at the whole package, so it's to your benefit would be that you'd get the building of the marina out of the way but you couldn't modify the gaming boat until they gave you the affirmative.

LEE MCKINNEY: Well, what I'm saying is we don't know whether the Corps will process the modification to the existing permit prior to suitability. They have not indicated that one

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way or the other.

JACK THAR: Do you know if they will process the modification request independent of the application for a gaming vessel permits?

LEE MCKINNEY: Yes.

JACK THAR: They will?

LEE MCKINNEY: The worst case is if they do delay processing the permit modification request to the existing permit. I believe that once the suitability is issued they would process the modification request as well as the permanent application, and I would anticipate that they could approve the permit modification, the existing permit, to allow construction of the modified harbour and entrance channel to accommodate

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a gaming boat for construction of a harbour and entrance channel to begin within about sixty to ninety days. Then the other work, the new permit, Phase I would be to bring in a temporary boat and construct temporary mooring facilities, but the significant difference there that we have made of the other applicants is we would be in a position in my view to start construction of a harbour much sooner than anyone else can because we have the existing permit that we're asking to modify. The major difference there is that existing permit area before you leave the site has been reviewed by all the appropriate State agencies and cleared from our Milburn report except for

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completing the Phase III
Archeological

JACK THAR: How long until
you open the temporary facility?

LEE MC KINNEY: I would be
afraid to quote as far as const-
ruction time, would be hard.

JACK THAR: About how long
after Corps permit? How long a
....How long from the day you get
a certificate of suitability do
you anticipate it's going to be?
What we're hearing basically is
that you feel you're so close to
really getting a permit, far as
to construct a marina, and then
secondly that that's, you're just
right on the edge then of getting
the overall okay to go ahead with
the gaming moorings and stuff.
How long can you open a temporary

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facility from June 1?

LEE MCKINNEY: Sixty to ninety days. And construction and (further remarks inaudible.)

If you're asking me how long before the gaming vessel would be in operation?

MR. THAR: Yes.

I don't know how long the Corps approval will be.

LEE MCKINNEY: Sixty to ninety days after they have processed the modification we could start construction. I think we have approval of the modification. Then you'd have construction period lapse. During that period the Corps would be reviewing and processing and putting out the public notice our permanent new applica-

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tion which would be a three phase operation to bring in a temporary boat, build temporary mooring facilities. I would anticipate using Doug Shelton's rule of thumb six to nine months. And in our case because most of the forty-two acre site is environmentally clean, I think we'd be pushing the envelope quite easily to get it in six months because we don't have to start from square one, doing the wetlands, doing the archeological investigation.

JACK THAR: That's what I want to find out; six months from when?

LEE MCKINNEY: Okay. Suitability.

MR. ALANIS: Let me see if we can clarify. There is an exist-

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ing permitand to build
a site adjacent to the marina.
We have a modification then to
modify the marina.

JACK THAR: And that's sixty
to ninety days.

PAUL ALANIS: We also have
an application into the Corps for
a temporary vessel. We're not
sure how long that application
will take. Historically, it's
taken six months, but we think we
have a competitive advantage be-
cause it deals with the exact same
site that's already been permitted.

JACK THAR: So when it's all
said and done we're still at the
mercy of the Corps and rule of
thumb that Doug Shelton has given
us of six to nine months?

PAUL ALANIS: That's correct.

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JACK THAR: Okay.

LEE MCKINNEY: That is in our case because we have done so much of the archeological investigation and the environmental investigations, which has not been completed and approved, at any of the sites. It has been completed and approved for the forty-two acres which is the core of our site.

JACK THAR: So you could have some advantage but not enough to take it outside of the six to nine months of Doug Shelton?

LEE MCKINNEY: Oh, I think so.

JACK THAR: Well, then that is what I'm asking.

LEE MCKINNEY: I think--

JACK THAR: --You think you

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can beat that?

LEE MCKINNEY: Yes.

JACK THAR: I want to know how strong you are on that commitment?

LEE MCKINNEY: Based on my experience it's my view that if we were starting from scratch to get a permit this size, we'd be looking at twelve to eighteen months.

JACK THAR: I'm not asking about what you've got in hand. How soon you can open temporarily from June 1. That was an arbitrary date that you got. Most everybody else is saying six to nine months. Can you beat that?

LEE MCKINNEY: I think we can do six to nine months. I'm not confident the others can do it

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in six to nine months, if I can
be very candid.

JACK THAR: I'm just asking
about you. Just you.

LEE MCKINNEY: I think we
could have a permit to bring a
temporary boat within six months
after suitability. Not six to
nine months, but six months.

JACK THAR: All right.

PAUL ALANIS: Our position
is it is in six to nine months'
period, it's somewhere in that
window of six to nine months.

JACK THAR: And you hope
you're on the earlier end rather
than late?

PAUL ALANIS: Exactly.

JACK THAR: All right.
Thank you. Who will staff and pay
for the set up of the clinic and

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maintain the personnel at the clinic at the retail space?

PAUL ALANIS: We will provide subsidy for the rent and we assume that the doctor will pay for, you know, equipment and things like that because all it will require him to do is moving an existing practice into there.

JACK THAR: So this won't be a Horseshoe run clinic; this will be an opportunity for somebody else to come in?

PAUL ALANIS: But what we wanted to do is be a facility that can provide that type of care and provide the type, uh, we think it is a perfect opportunity both for us and for someone in the community because it's appropriate in that location.

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JACK THAR: That assumes you will be able to lure a physician to that part of Harrison County?

PAUL ALANIS: Three have indicated they would move.

JACK THAR: Who would pay for the police and/or sheriff sub-station?

PAUL ALANIS: We would provide the shell there, we would provide the building rent free. We would provide the facility rent free and we would then have the facility operated out back but we would provide that, again, we would own the facility, it would be part of the retail center we would continue to own but we would provide it rent free.

JACK THAR: But the outfitting of the facility and the..

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PAUL ALANIS: We'd build it out, of course, and we would assume that there would also be some communication equipment that would be needed. We could..

JACK THAR: Just let me ask the question.

PAUL ALANIS: Sure, I'm sorry.

JACK THAR: Are you going to completely outfit the facility and then they'll come in and be able to stay there rent free? Are you gonna provide them with the building and they have gotta outfit it?

PAUL ALANIS: We would be willing to completely outfit the building, provide it to them so it could be used.

JACK THAR: So if they needed

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a holding cell, you'd build that?

PAUL ALANIS: Haven't considered it, but we would consider it.

JACK THAR: The scholarship program.

PAUL ALANIS: Yes.

JACK THAR: And I didn't, I just had a hard time understanding exactly how this works. It's twenty thousand dollars. Is that a one time twenty thousand dollar thing for a student or five thousand a year?

PAUL ALANIS: It's five thousand..

JACK THAR: Five thousand a year for four years?

PAUL ALANIS: That is correct. Each student would receive five thousand each year during their college.

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THOMAS MILCAREK: Would that be out of the community fund that if we render in Harrison, whether it was the foundation?

THOMAS MILCAREK: Oh, it is. okay.

PAUL ALANIS: It's above that. It's beyond that.

JACK THAR: Mr. Zoeller, are you gonna participate in the creation of the golf course, or just put your name on it?

FUZZY ZOELLER: I'm glad you said that. No, my job is to design the golf course which you see the layout has already been made. As I, uh, what I do is a consultant, I think of myself as a player, which sometimes I feel I am on the PGA tour, is to make sure that this golf course doesn't

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get carried away and is built into a monument like some of our golf courses that you see on TV, that are going bankrupt nowadays. But I make sure the bunkers are placed in the right position, the tee's are nice and straight, the greens and the bunker and the amount of the greens, the lakes are all in there just to add beauty; not to catch the wild golf shot. But that is my job and to build a golf course that's not only fun but challenging for everyone. I like to bring the fun back into the game.

JACK THAR: How will this course rank with the course you just built in New Albany?

FUZZY ZOELLER: What, at Covered Bridge?

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JACK THAR: Yes.

FUZZY ZOELLER: It will be comparable to that.

JACK THAR: Comparable?

FUZZY ZOELLER: Yes sir. I will put it right up in that class. And I'm very proud of the Covered Bridge project we have there in Sellersburg, and my job again was to build a course that people could enjoy coming out and having fun. It's gonna be a beautiful setting right here. Very playable by all. Even the ladies.

ANN BOCHNOWSKI: Okay, you are recovering.

ROBERT SWAN: And, Mr. Thar, that wasn't a relationship that was formed this morning. He has known Jack for about nine years and they've been good friends.

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ANN BOCHNOWSKI: Does anybody else have more questions?

Okay. We'll be starting back here in the morning at 8:15 and I thank you very much for all your time in answering our questions. Thank you.

(RECESS)

(THIS CONCLUDES ALL OF THE PROCEEDINGS IN CONNECTION TO THE GAMING HEARINGS OF THE INDIANA GAMING COMMISSION ON MAY 7, 1996.)